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The opinions with respect to Cuba’s economy and politics expressed in the section entitled Report of the Investment Manager are those of the Investment Manager. This Report is included in this Annual Report to provide background information to Shareholders. The information contained in the Report of the Investment Manager is selective and should not be used as the basis for a decision to buy or sell any particular security. Part of the information, statistics and forecasts contained in the Report of the Investment Manager has been obtained from published sources and documents but no attempt has been made to verify the accuracy of such data. Information relating to Cuba may be incomplete and unreliable. Investment in Cuba and in the Company may involve greater than normal risk and is not suitable for unsophisticated investors. Past performance is no guide to future performance.

DIRECTORS AND MANAGEMENT

REGISTERED OFFICE

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St. Peter Port, Guernsey GY1 4HQ
Tel. +44 (1481) 723 573,
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REGISTRATION NUMBER

30083

DIRECTORS

Sir John Morgan (Chairman)
Colin Kingsnorth
Sebastiaan A.C. Berger
Jaime García-Andrade
Federico Spinola
Martin Lancaster
Peter Fletcher
Enrique Rottenberg

INVESTMENT MANAGER

CEIBA International Management Limited
(formerly ZAPA International Management Limited)
c/o CEIBA Property Corporation Limited
Miramar Trade Center, Edificio Barcelona, Suite 401
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Havana, Republic of Cuba
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ADMINISTRATION AND KEY ADVISORS

ADMINISTRATOR, CUSTODIAN AND SECRETARY

Bachmann Fund Administration Limited
Frances House, Sir William Place
St. Peter Port, Guernsey GY1 4HQ

REGISTRARS

Ansons Registrars Limited
Anson Place
Mill Court, La Charroterie
St Peter Port, Guernsey, GY1 1EJ

PRINCIPAL BANKER

Barclays Private Clients International Limited
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St. Peter Port, Guernsey GY1 3BE

LEGAL ADVISORS IN UK

Maclay Murray & Spens LLP
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LEGAL ADVISORS IN GUERNSEY

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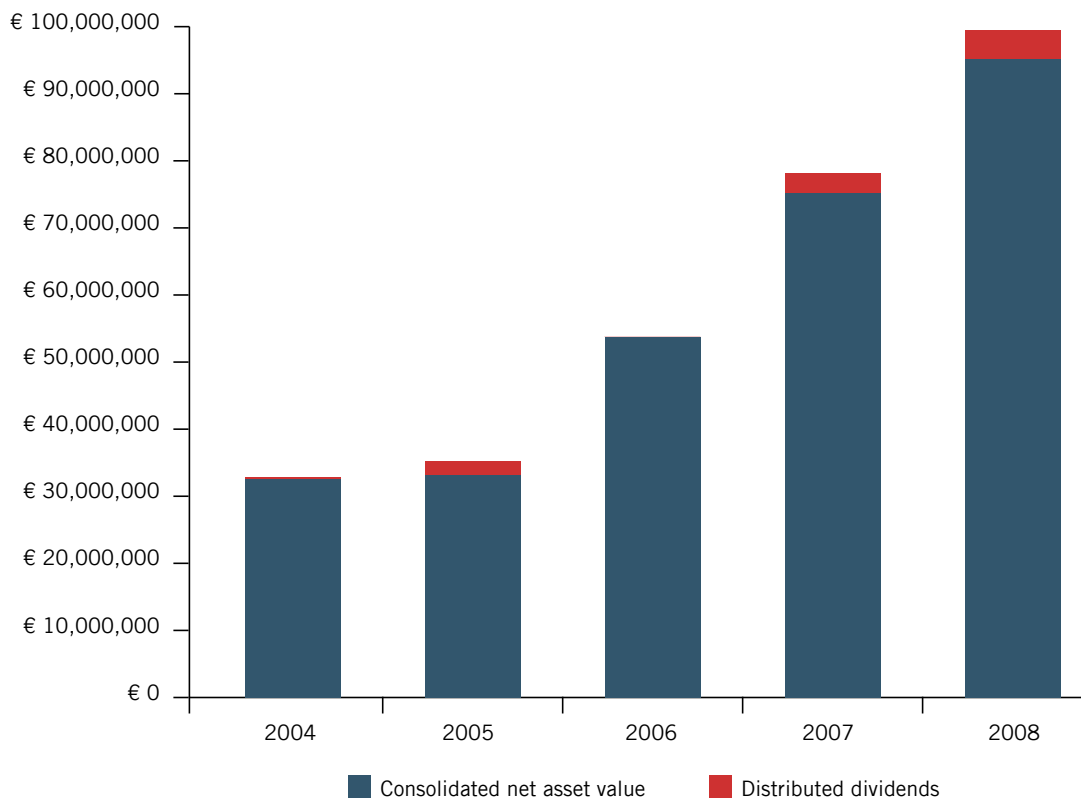
INDEPENDENT AUDITORS

Ernst & Young
Caribbean Professional Services, Ltd.
Worthing Corporate Center
Christ Church, Bridgetown
Barbados, W.I.

For the year ended 31 March	2004*	2005*	2006	2007	2008
Consolidated net assets attributable to the shareholders	€33,224,051	€33,188,845	€53,744,489	€75,133,949	€95,168,341
Shares in issue	48,569,795	48,735,090	75,006,523	102,732,188	125,086,001
Net asset value per share attributable to the shareholders	€0.6711	€0.6810	€0.7165	€0.7314	€0.7608
Dividends for the year	€203,993	€1,993,673	-	€3,079,613	€4,212,015
Yield per share	1.2%	7.6%	7.1%	7.8%	9.6%

*For 2004 and 2005, amounts are of the Company as prepared under UK GAAP.

CONSOLIDATED NET ASSET VALUE AND DISTRIBUTED DIVIDENDS



CHAIRMAN'S STATEMENT

Dear Shareholders,

During a year in which international financial markets have been far from stable and liquidity has become a priority for many institutional investors, CEIBA Investments Limited ("CEIBA" or the "Company") issued one-for-one warrants to its shareholders and carried out a largely oversubscribed placing of €18 million to move forward the future phases of development of the Miramar Trade Center, which will add approximately 150,000 m² of new office and retail space to the existing 56,000 m².

What does this tell you? Is it an indication that investors have confidence in the Company and that CEIBA is considered a good vehicle to invest in Cuba? Perhaps, but more importantly, as a result of these developments the Company has been capitalized and structured in such a way that it does not necessarily need any third party finance in order to implement its investments in Cuba.

Who would have thought that not being leveraged would be positive?

Although past performance is not a guarantee of future results, the Company's prospects during the present financial year (2008 – 2009) are looking good. Those prospects, in combination with the intention of the Company to seek admission of its securities to trading on the AIM Market of the London Stock Exchange before year-end confirm our commitment to create and increase shareholder value.

Other factors such as the reforms gradually being introduced by the government of Raúl Castro since his appointment as President of Cuba earlier this year or the upcoming US Presidential election are likely to ensure that the coming year is as eventful for the Company as the last one.

Your continuing support and confidence in the Company is highly appreciated.

Sir John Morgan
Chairman

Introduction

CEIBA Investments Limited (“CEIBA” or the “Company”) is a closed-ended investment company registered with limited liability under the laws of Guernsey, Channel Islands under registration number 30083. The Company was formerly known as CEIBA Finance Limited and changed its name on 12 January 2007. The Company is listed on the Channel Islands Stock Exchange (under the symbol “CBA”) and on the International Bulletin Board of the London Stock Exchange.

The principal investment objective of CEIBA Investments Limited is to achieve long-term capital growth from direct and indirect investment in or with Cuban businesses, balanced by current income from interest-bearing financial instruments and other financial transactions and revenue-generating investments primarily related to Cuba.

On 31 March 2008, the Company had in issue 125,086,001 Shares having a nominal value of €0.10 per Share, 122,732,200 Warrants 2007 having an exercise price of €1.20 and expiring on 31 December 2010, and 600,000 TosCuba Warrants having an exercise price of €1.25 and expiring on 31 March 2009.

Shares and Warrants 2007 in the Company are issued in certificated or uncertificated form and may be held and settled through Clearstream or the CREST system for paperless settlement of trades in securities operated by Euroclear UK & Ireland Limited. **US Persons may not hold Shares or Warrants 2007 through Clearstream, CREST or otherwise. Shares and Warrants 2007 may be purchased and sold through non-US brokers.**

The Annual General Meeting of Shareholders of the Company held in December 2007 approved a proposal to extend the life of CEIBA Investments to 2015. The Shareholders have the power to extend the life of the Company every 10 years.

Investment Manager

The Company is managed by CEIBA International Management Limited (“CEIBA Management” or the “Investment Manager”). CEIBA Management was incorporated in the British Virgin Islands on 6 September 2002 and was formerly named “ZAPA International Management Limited”.

The Investment Manger is responsible for the selection and implementation of investments and generally for managing the acquisition, holding and disposal of investments in accordance with the investment policies and restrictions established by the Board of Directors of the Company. CEIBA Management operates in Havana out of the representative office of CEIBA Property Corporation Limited (“CPC”), a wholly-owned subsidiary of the Company. Its directors are Sebastiaan A.C. Berger, Cameron Young, Colin Kingsnorth, Andrew Pegge and Enrique Rottenberg. The directors, officers and advisers of CEIBA Management collectively possess high-level skills, experience and contacts particularly relevant to investments in Cuba.

Sebastiaan A.C. Berger, Cameron Young and Enrique Rottenberg are responsible for the day-to-day management activities of CEIBA Management and all three have lived and worked in Havana for over 10 years.

Investment Policies

At a meeting of the Board of Directors of the Company held on 21 February 2007, the following investment policies of the Company were adopted:

THE COMPANY

- The Company may make any investment primarily related to Cuba, but the primary focus of the Company will be to:
 - make long-term investments in Cuba's real estate sector;
 - take participations in listed and unlisted companies, joint ventures and other foreign investment vehicles and entities generating substantially all of their revenues from activities related to Cuba, whether incorporated in Cuba or elsewhere;
 - participate in development projects in Cuba;
 - arrange and invest in interest-bearing financial instruments and other financial transactions related to Cuba.
- The Company may invest with Cuban partners in Cuban and non-Cuban companies, joint ventures and other entities that earn all or a substantial part of their revenues from activities outside Cuba, although such investments will normally be limited to less than 10% of the total assets of the Company, unless with prior Shareholder approval.
- All investment decisions relating to the portfolio of the Company will be made by the Investment Manager under the supervision of the Board of Directors of the Company.
- In the case of direct or indirect equity investments, preference will be given to projects where:
 - there is an experienced foreign or foreign-trained management team;
 - the Company will have a sufficient interest that will allow the Company to influence management decisions;
 - accounting, auditing and financial reporting are carried out to an internationally acceptable standard; and
 - a suitable exit strategy has been identified.
- Investments and financial participations may be made in conjunction with Cuban or foreign partners, strategic investors, international banks and financial institutions, without limitation.
- The Company may acquire a majority interest in any vehicle or entity. Where the Company holds a significant interest in a company or entity, the Company and the Investment Manager will normally have the power to influence management. Such influence will generally be confined to the provision of strategic advice for the purpose of enhancing the value of the Company's investments, but may extend to day-to-day management functions where appropriate.
- The Company should not knowingly or intentionally invest in any entity that owns or uses property in respect of which there is a material risk of significant liability resulting from an outstanding claim that has been certified by the US Foreign Claims Settlement Commission, or invest directly in any such property.
- Liquidity may be maintained at any time in short-term bank deposits, government obligations and other liquid financial instruments, in any currency.
- It will not be the policy of the Company to engage in derivatives trading, except if practicable and considered appropriate for the purposes of efficient portfolio management and/or currency hedging.
- The Company will not make any investment that exposes the Company to unlimited liability.
- The Company will hedge the currency exposure of its secured and unsecured financial instruments and other liquid financial assets. The Company may, but will not be obliged to, hedge its other investments.

Structure and Realization of Investments

All direct equity investments of the Company in Cuban joint ventures and all major finance transactions in favour of Cuban borrowers require the prior approval of the relevant Cuban Government authorities and will be governed by the terms of any such approval and the prevailing law and regulations in Cuba. This may have an effect on the speed and efficiency with which investments may be concluded and implemented.

Wherever possible and appropriate, the Investment Manager structures the investments of the Company so that each individual investment in Cuba is made through a separate holding company established outside Cuba, although investments within the same or similar sectors are also generally grouped in sector-specific holding companies with a view to facilitating the management and realization of such investments. An additional advantage of structuring investments through wholly or partially-owned holding companies incorporated outside Cuba is that the Company may be able to realize its interest in such companies without being required to obtain the prior approval from the Cuban Government, which is required for the disposal of any direct interest in a Cuban joint venture or other foreign investment vehicle.

If possible, the Investment Manager may in the future seek to realize equity investments of the Company by making disposals through a public securities market. It should be noted, however, that there is currently no stock exchange or other public securities market in Cuba. Where no public securities market exists for the sale of the equity investments that the Company wishes to exit, the Company is likely to seek to sell such investments on a private basis to institutional, corporate or individual investors. The relative attractiveness of these different realization routes is likely to be influenced significantly by any future relaxation or change in the US Cuban Embargo rules presently in force.

Net Asset Valuation and Price Information

The Net Asset Value of Shares is calculated in respect of the last day of every calendar month and is published monthly. It is displayed on the official website of the Channel Islands Stock Exchange (www.cisx.com) under the symbol CBA. Information regarding the quoted market price of the Shares is displayed, amongst others, on Thomson Reuters, Bloomberg and the official website of the London Stock Exchange (www.londonstockexchange.com, symbol CBA).

Compulsory Share Transfer Mechanism

As a result of the existing US Cuban embargo regulations, securities in the Company may not be held, directly or indirectly, by or for the benefit of any US Person. Consequently, holders of securities in the Company should at all times take appropriate precautions so as to ensure that their securities or certificates thereof are not held or transferred through custodians, depositaries, or other intermediaries that may in any way be considered a US Person within the meaning of the US Cuban Assets Control Regulations.

The Articles of the Company explicitly provide that, in the event that the Board becomes aware that securities of the Company are held by a US Person, the Board may serve a compulsory transfer notice upon such US Person requiring the compulsory transfer of the relevant securities of the Company to another person that is not a US Person. If such transfer is not completed within the period specified in the Articles, the Board has the power to cause the compulsory transfer of the relevant securities.

Risk Factors

Shareholders and potential investors in the Company should be aware that investment in Cuba involves a high degree of risk and that trading in the Shares of the Company is likely to be limited. Investment in the Company is only suitable for sophisticated investors who understand the nature of these risks.

Country Risk

THE COMPANY

Cuba remains a socialist country where the government maintains a very high degree of control over economic matters. Cuban government policies may have a significant impact on business in general and the prospects of the Company in particular. There remain a large number of restrictions on the operations of foreign companies and foreign investment vehicles in Cuba and future changes in government policy may adversely affect the Company or its investments in Cuba.

Cuba's Economy

Although the Cuban economy has shown growth in recent years, continued growth and development will depend, amongst other factors, upon the ability of the Cuban government and people to successfully adapt to new circumstances, upon government support of foreign investments and upon external factors such as world oil and nickel prices, the state of the world tourism market, Cuba's relationships with its allies Venezuela and China, the tense relationship with the United States and the US Cuban embargo, which has had, and is expected to continue to have, a significant adverse effect on the Cuban economy.

Cuban Law and Commercial Practice

Cuba has adopted a legal and regulatory system that on its face encourages and protects foreign investments. However, Cuba's legal system and the institutions that implement it are not characteristic of a parliamentary democracy or market economy. As in many other pre-emerging markets, Cuba's legal and regulatory system is in a formative stage and lacks independent institutional history and regularly observed procedural safeguards. There can be no assurance that previously relaxed controls or regulations will not be re-imposed or that new restrictions will not be imposed in the future. Legal rights of foreign investors may not be enforceable in Cuba to the same extent as they would be in fully developed industrialized states. There is no applicable regulatory regime governing the investment management sector in Cuba.

Accounting Standards and Audits

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as prescribed by the International Accounting Standards Board (IASB). Where possible, the Company applies IFRS to all subsidiary companies, which are audited by an international audit firm applying these standards to the financial statements. However, a number of companies in which the Company holds a participation are subject to Cuban accounting standards, which differ from internationally-recognized standards. Consequently, the financial information provided by these companies may not be as reliable as financial information prepared by companies in other countries.

Liquidity of Investments and Deadlock

All investments in Cuban joint venture companies and other foreign investment vehicles will generally be illiquid. Significant legislative changes will be required before direct interests in Cuban foreign investment vehicles can be held in a form that can be freely traded. Although the Company generally tries to balance its investment portfolio between debt and equity instruments and generally tries to structure its equity investment in Cuban foreign investment vehicles so as to include a viable exit strategy, this factor may limit the ability of the Company to formulate and execute appropriate realization strategies or to realize investments in the short or medium term. The fact that most of the Cuban foreign investment vehicles are structured as 50/50 partnerships where the Cuban and foreign parties have equal representation on management and other decision-making bodies may give rise to deadlock situations which may have a material adverse effect on the ability of such partnerships to make key decisions affecting operations.

US Cuban Embargo Regulations

The (US) Cuban Assets Control Regulations prohibit US Persons from involvement in any transaction connected with property in which Cuba or a national thereof has any interest of any kind. The use of bank or custody accounts in the US or non-US branches of US banks or custodians for

payments or receipts of funds or for the custody of certificates relating to the securities of CEIBA Investments is therefore not allowed.

THE COMPANY

It is the policy of the Board that the Company should not knowingly and intentionally invest in a business or venture which owns, uses or controls property in respect of which there is a significant risk of liability as a result of an outstanding claim which has been certified by the US Foreign Claims Settlement Commission.

Currency Risks

The Share capital of the Company is denominated in Euros, and the accounts and net asset value of the Company are calculated and reported in Euros. However, a significant portion of the Company's investments are reported in US Dollars. In order to mitigate currency risk and any negative effect resulting from movements in the exchange rate between the Euro and the US Dollar, the Company has adopted the policy of hedging its liquid investments in US Dollars.

The Cuban Convertible Peso ("CUC") is the single currency for all hard currency transactions in Cuba. Its value is presently pegged to the US Dollar at a rate of 1.08. All Cuban State owned companies operate in CUCs and Cuban Pesos ("CUP"). Foreign companies are presently not allowed to operate in CUCs. The fixed exchange rate between the US Dollar and the CUC may be revalued by the Cuban Central Bank and the CUC may be imposed in all transactions in Cuba. Such an extension of the use of the CUC as the single currency for all transactions and operations in Cuba may adversely affect the direct investments of the Company in Cuba, although Cuba's Foreign Investment Act guarantees the free repatriation of profits in freely convertible currency.

Dependence on Investment Manager and Key Officers

All investment decisions relating to the portfolio of the Company will be made by the Investment Manager under the supervision of the Board of Directors of the Company. Key officers of the Investment Manager have significant experience in the structuring, execution and implementation of direct investments and finance transactions in Cuba. The success of the investments of the Company in Cuba may depend to a large extent on such key officers. There can be no assurance that the key officers of the Investment Manager will remain with the Investment Manager or that adequate replacement personnel may be recruited in the event of their departure. The key officers of the Investment Manager include in particular Sebastiaan A.C. Berger, Cameron Young and Enrique Rottenberg.

Tropical Storms and Hurricanes

Cuba is located in an area which is subject to frequent tropical storms and hurricanes that may cause damage to property, infrastructure and crops, and that may have a negative impact on the country's economy. Properties in which the Company invests may be subject to damage. The Miramar Trade Center, one of the principal assets of the Company, has been insured against natural disasters including tropical storms and hurricanes.

Introduction

CEIBA Investments is the only publicly traded investment company exclusively dedicated to diversified investments in Cuba.

Other publicly traded companies that are to a large extent dedicated to investments in Cuba include Sherritt International Inc. (oil & nickel - TSX: code S), Pebercan Inc. (oil - TSX-V: code PBN), and Leisure Canada Inc. (tourism - TSX-V: code LCN). None of these companies serve as a benchmark for the Company since both Sherritt International Inc. and Pebercan Inc. are active in sectors of Cuba's economy in which the Company is not invested, while Leisure Canada Inc. has not yet undertaken construction of any of its planned real estate investments.

The general strategy pursued by the Investment Manager has been to complete the acquisition and continue the further development of existing assets such as the Miramar Trade Center, Havana's leading office and retail complex, and to expand the Company's asset base by incorporating new investments such as the TosCuba project for the construction and operation of a beach resort hotel in Trinidad, Cuba and the development of new projects for the construction of further office and apartment buildings in Cuba. Mainly as a result of income generated by high-yield financial instruments and the operational results of the Miramar Trade Center, the Company has shown consistent positive results during this expansion and development stage.

Although the future results of the Company will continue to be dependent to an important degree on the general business climate in Cuba as well as internal and external political factors, the Investment Manager believes that the present lack of supply and the natural growth in demand for commercial real estate and other products will drive the growth of the Company in the coming period. Of course the potential for additional positive development resulting from internal reforms that would have the effect of opening Cuba's private and foreign investment sectors or external factors such as a partial or full relaxation or lifting of existing US trade restrictions would likely have a very beneficial effect on the outlook of the Company.

Reforms

During 2007 and 2008, both prior and subsequent to the formal appointment of Raúl Castro as President of the Council of State and the Council of Ministers, various measures were announced by the Cuban government that may be considered early stage reforms. These measures include: (i) the legalization of the right of certain foreign persons to make bonus payments directly to Cuban employees, (ii) the lifting of unpopular restrictions and prohibitions on Cuban natural persons regarding the purchase and use of mobile phones, computers, dvds and other electrical appliances and equipment and regarding rental cars and hotels; (iii) the accelerated redistribution of agricultural lands to Cuban natural and legal persons (under usufruct); (iv) the increase in prices (and regular payment thereof) paid by the State to small agricultural producers for their products; and (v) the change of the salary system to allow differentiated remuneration based on productivity and efficiency. In addition, during the most recent session of the National Assembly of the Popular Power held in February 2008, the government announced that during the year 2008, a plan would be presented to restructure and reorganise the government in order to decrease the number of ministries by concentrating certain functions and increasing the responsibilities of the various ministries.

Foreign Relations

The political and commercial relationships between Cuba and Venezuela, China and Brazil remain strong and form the current core of Cuba's economic and political stability. Relationships with other countries are generally improving.

In June 2008, the European Union reversed its so-called common position and re-opened dialogue with Cuba, which is expected to result in the reactivation and increase of commercial, cultural and other links between European member states and Cuba. On 16 September 2008, Cuba also agreed to resume political dialogue with the European Union.

In contrast, relations between the US and Cuba have not shown any sign of improvement, and indeed the aftermath of hurricane Ike has demonstrated a continued high level of distrust between the countries. No immediate improvement of relations is expected during the remaining term of the Bush Administration, or under a McCain Administration if he is elected in November. However, there is some hope that the situation will improve if Barrack Obama wins the upcoming US Presidential elections, since he has expressed on numerous occasions a more moderate position and openness towards dialogue with Cuba.

Economy

Economic growth in 2007 was reported by the Cuban government to be 7.5% (using its own GDP formula that differs from standard international methods as regards the valuation of subsidized social services, which Cuba values at market value instead of at cost). By contrast, the Economist Intelligence Unit (EIU) estimated GDP growth in 2007 to be 6.5%.

Cuba estimated that growth for 2008 would be 10% (EIU estimate – 6.4%), although significant negative factors such as the decline in the price of nickel, the increase in the price of food imports, oil and other products, and the extensive destruction caused by hurricanes Gustav, Ike and Fay will likely have an impact on growth this year.

Corporate Matters

Above and beyond the general strategy pursued by the Investment Manager during the year in connection with the further development of existing and new investments, numerous changes were introduced during the year to the corporate and financial structure of the Company in order to pave the way for future expansion.

Warrants 2007

On 12 July 2007, the Board of Directors of the Company resolved to create Warrants 2007, each warrant conferring the right to subscribe for one Ordinary Share of the Company at a subscription price of €1.20 per Share and expiring in December 2010. 102,732,200 Warrants 2007 were issued on a one-for-one zero consideration basis to Shareholders that appeared on the Register of the Company on 19 December 2008.

Articles of Association and Life of the Company

At the Annual General Meeting of Shareholders on 20 December 2007, proposals were adopted by the Shareholders to extend the life of the Company to 2015 (with further continuation votes to be held every 10 years thereafter) and to adopt new Articles of Association of the Company intended to facilitate the future plans of the Company. The main objectives of these amendments were to: (i) accommodate electronic trading of securities of the Company through the CREST system and make other changes in preparation for the future admission of the securities of the Company to the AIM market of the London Stock Exchange plc; (ii) tighten the compulsory transfer mechanism in order to further facilitate the removal of any direct or indirect involvement of US Persons in the securities of the Company; (iii) extend the life of the Company for successive periods of 10 years rather than 5 years, given the long term investment strategy of the Company; and (iv) reflect general updates in Guernsey law.

New Investment Management Agreement

On 31 January 2008, the Company executed with the Investment Manager a new investment management agreement (the “IMA”), with effect from 1 January 2008. The new IMA was negotiated at the initiative of the Board in order to lock in and fully commit the experienced management team in Havana during a crucial period in the development of the Company. The principal changes

to the investment management agreement include: (i) a right of first refusal for the Company in respect of all new real estate projects in Cuba developed or sourced by the Investment Manager; (ii) a right of participation for the Company in respect of all other projects in Cuba developed or sourced by the Investment Manger that fall within the investment policy of the Company; (iii) the strengthening of non-compete and key person provisions; (iv) the payment of performance fees in Shares of the Company rather than in cash, to be issued at year-end NAV and subject to a 5 year lock-up; (v) the adjustment of the base fee to 2.5%; (vi) the incremental entitlement of the Investment Manager to receive IM Warrants representing 2% of the number of Ordinary Shares outstanding each year, for 5 years beginning 31 March 2009, having a subscription price equal to the relevant year-end NAV, subject to a 5 year lock-up (both IM Warrants and any resulting Shares) and having final expiry on 31 March 2014.

The Investment Manager and the Board believe that these changes will have the effect of further aligning the interests of the Investment Manager with those of the Company by linking the remuneration of the Investment Manager to the long-term performance of the Company.

Placing of €18 Million

On 28 March 2008, the Company placed 20 million new Ordinary Shares and 20 million new Warrants 2007 under a €18 million placing which was oversubscribed by some 70%.

CREST Trading

On 20 May 2008, a new CREST registrar of the Company was appointed and on 12 June 2008 the Shares and Warrants 2007 became CREST tradable. The Investment Manager believes that this development will facilitate trading in the securities of the Company and the creation of a more liquid market for such securities.

AIM Listing

On 28 August 2008, the Company confirmed that it intends to seek admission of its securities to trading on the AIM Market of the London Stock Exchange and announced that it has appointed Fairfax I.S. PLC to act as its Nominated Adviser and that the Company is working with its advisers and professional service providers to complete this process by the end of 2008.

Year End Results, Principal Investments and Post Balance Sheet Events

The audited consolidated financial statements of the Company for the year ended 31 March 2008 show the Net Asset Value of the Company attributable to the Shareholders at €95,168,341, with 125,086,001 Shares outstanding (€0.7608 NAV/Share), including net income attributable to the Shareholders of €2,585,909.

The principal factors that have contributed to the results are the increase in fair value of the Company's interest in the commercial real estate complex of the Miramar Trade Center and regular interest income from secured finance facilities.

As at 31 March 2008 , the investment mix of the Company may be approximated as follows:

Commercial Real Estate (equity and debt)	46.3 %
Short Term Finance and Cash	32.0 %
Mid-Term Structured Finance	19.4 %
Other	2.3 %
Total	<u>100.0 %</u>

Miramar Trade Center

In successive transactions carried out between March 2004 and March 2008, the Company acquired a mixed debt and equity interest in Inmobiliaria Monte Barreto S.A. ("Monte Barreto"),

incorporated for the construction and subsequent operation of the Miramar Trade Center, which on completion will comprise approximately 200,000m² of mixed-use office and retail space located in the Miramar neighbourhood of Havana. As at 31 March 2008, the Company held 96% of the shares in the capital of CEIBA MTC Properties Inc. ("CEIBA MTC"). The shares of Monte Barreto are presently held 51% by Inmobiliaria LARES S.A. (the Cuban shareholder) and 49% by CEIBA MTC Properties Inc. (the foreign shareholder).

During the month of July of the current year the Company completed the acquisition of the remaining 6% interest in CEIBA MTC that it did not already own, with the result that the Company is now the sole foreign shareholder in this project. To date, six buildings have been completed and are fully leased, representing over 56,000 m² of rentable area. Approximately 150,000m² of further rentable area are planned in future phases.

The Miramar Trade Center constitutes without a doubt the most significant commercial real estate development in Havana and represents the heart of the new Havana business district.

Brown & Co., an independent real estate valuator, valued the full project of Monte Barreto at US\$155,000,000 as at 31 March 2008 and the 46.06% interest of the Company therein (at that time) at US\$71,000,000. In accordance with this valuation, the Board valued the interest of the Company in the Monte Barreto Project at US\$66,220,140 as at 31 March 2008, taking into account outstanding debts and the present value of future operating costs of the foreign shareholder. Following the increase of the Company's participation in Monte Barreto to 49% in July 2008, the interest is now held at US\$70,446,957 on this basis.

Following detailed discussions carried out with Inmobiliaria LARES S.A. in 2007 and 2008 regarding the development of Phases III and IV of the Miramar Trade Center (the construction and operation of further buildings at the same site having total rentable area of approximately 150,000 m²), Monte Barreto was informed in July 2008 that the execution of Phases III and IV of the Project has been approved by the Executive Committee of the Council of Ministers, although to date no formal resolution has been received. The value associated with the receipt of such formal approval, which Brown & Co. has estimated at approximately US\$15-20 million, has not been included in the value of the Company's interest.

Depending on the timing of receipt of licenses and governmental approvals, the next phase of construction of the Monte Barreto Project is expected to begin in 2009.

FINTUR Facilities

In June 2008 Casa Financiera FINTUR S.A. completed the repayment on schedule of the syndicated €25 million facility arranged and extended by the Company in 2005 (with other participants). In July 2008, the Company and FINTUR amended the remaining facility (originally granted in 2006) in order to increase the facility amount by a new €25 million tranche that will replace the 2005 facility repaid in June. Disbursement of the new tranche is expected to take place during the months of September and October 2008.

Both facilities are secured by Euro-denominated off-shore tourism proceeds payable to FINTUR by certain international hotel operators managing hotels in Cuba and by selected European and Latin American tour operators.

As at 31 March 2008, the principal amount outstanding to the Company under these facilities was €18,916,667.

TosCuba Project

On 10 January 2006, CEIBA Property Corporation Limited ("CPC"), a wholly owned subsidiary of the Company, agreed to acquire (subject to the fulfilment of various conditions precedent) all outstanding shares in the capital of Mosaico Hoteles S.A., a Swiss company that holds a 50% interest in the Cuban joint venture company TosCuba S.A. TosCuba S.A. was incorporated for the purpose of constructing the TosCuba Project, a beach resort hotel at Playa Maria Aguilar, Trinidad, Province of Sancti Spiritus, Cuba.

Under the all-share acquisition of Mosaico Hoteles S.A., the Company conditionally allotted 1,400,000 Ordinary Shares to the sellers (subject to the fulfilment of various conditions precedent), which were subject to a lock-up and dividend waiver period which ended on 30 June 2008. In addition, 600,000 TosCuba Warrants were issued in favour of the sellers, giving the right to acquire 600,000 Ordinary Shares of the Company at a subscription price of €1.25 per Share. The TosCuba Warrants will expire on 31 March 2009. All conditions precedent were fulfilled to the satisfaction of CPC and as a result this transaction was completed in July 2008 and the shares of Mosaico Hoteles S.A. have been released from escrow in favour of CPC.

To date, approximately US\$4.3 million has been invested in the acquisition of surface rights for the property, the development of architectural works and technical drawings, and ground preparation.

Other Investments and Projects under Development

In addition to the above, the Company also has the following other investments and projects presently under development:

CEIBA Publications Limited: CEIBA Publications Limited (“CEIBA Publications”) was incorporated in 2004 and has launched a quarterly lifestyle magazine/guide named The H, four issues of which were published (0, 1, 2 and 3). In September 2005, the format of The H was converted to an annual book/guide, rather than a quarterly magazine. The third annual HAVANA - The H book/guide was printed in November 2007 and is presently being distributed. The frequency of The H and its format in the future will depend, amongst others, on the ability of CEIBA Publications to distribute The H in Cuba, as well as internationally. In July 2008, CEIBA Publications published the book “CUBA – The Regulation of Foreign Investment”, a 928 page bilingual book containing Cuban legislation related to foreign investment.

Caricel Inc.: The Company has a small investment in the Cuban paper sector alongside a Canadian multi-national paper company, which is held at a considerable discount.

CEIBA Leisure Limited: CEIBA Leisure Limited was incorporated in September 2004 by CPC and Leisure Canada Inc. (TSX-V symbol LCN) for the purpose of developing various tourism-related real estate projects in Cuba. During the present financial year decisions will be taken to pursue these opportunities or to divest.

GrandSlam Limited: GrandSlam Limited is a wholly-owned subsidiary of the Company. In 2005 and 2006, GrandSlam executed agreements with the Cuban companies Flora y Fauna and Ecotur S.A. in connection with the finance, construction and operation of numerous small-size ecotourism projects and sports fishing resorts. GrandSlam also operates a travel agency out of Havana specialising in ecotourism and sports fishing (including the joint products mentioned above). In addition, GrandSlam is in the final stage of developing, in collaboration with CPC, small modular floating hotels under the name “H₂O Smart Floating Bio Suites”, intended to be certified by the International Ecotourism Association and located in Cuba at remote keys and other natural marine areas of interest. Each H₂O Smart Floating Bio Suites structure will use solar energy as its principal source of power and will have its own desalinization and wastewater treatment plants.

Outlook 2008 - 2009

During the present financial year (2008 – 2009) the Investment Manager intends to present admission documents to the AIM market of the London Stock Exchange. It is hoped that admission to the AIM Market will lead to an increase in the liquidity of the securities of the Company.

In addition, the Investment Manager expects that formal authorization to carry out the further phases of development of the Miramar Trade Center will be received and that the Company will arrange for the provision of a US\$36 million loan facility to Inmobiliaria Monte Barreto S.A. in connection with this authorization.

During the months of September and October 2008, it is expected that the conditions precedent for disbursement of the new tranche of the syndicated facility extended to Casa Financiera FINTUR S.A. will be fulfilled, resulting in the disbursement by the Company of up to €15 million.

With respect to the TosCuba project in Trinidad, the Company is presently studying and updating the architectural, construction and operational aspects of the project. It is expected that revised construction plans will be approved by the Cuban joint venture company TosCuba S.A. during the present year and that construction will begin in 2009.

In parallel with the above, the Investment Manager continues to pursue various other investment opportunities under development.

DIRECTORS' REPORT

The Directors present their annual report and consolidated financial statements for the year ended 31 March 2008.

Activities

The principal activity of the Company is to hold direct and indirect investments related to businesses in Cuba. A review of the business and prospects of the Company is contained in the Chairman's Statement and the Report of the Investment Manager.

The Company was incorporated with a share capital denominated in Swiss Francs, which was deemed to be the most appropriate currency at the time. In July 2003, the Shares were redenominated to Euro whereby every 1,000 Shares became 6,535 Shares of € 0.10 each.

Results

The profit for the year ended 31 March 2008 amounted to € 3,150,570 (2007: profit € 2,906,456; 2006: profit € 509,506). There was no charge for taxation.

Dividends

Dividends paid during the year ended 31 March 2008 amounted to € 4,212,015 (2007: € 3,079,613; 2006: € nil).

Directors and their interests

No Director has had an interest in any transaction which, since its incorporation, has been effected by the Company, or any interest, direct or indirect, in the promotion of the Company or in any assets which have been acquired or disposed of or leased to the Company or are proposed to be acquired, disposed of by or leased to the Company. The names of the Directors and their interest in the share capital of the Company as at 31 March 2008, are as follows:

- Sir John Morgan does not have an interest in the share capital of the Company.
- Colin Kingsnorth is a director and shareholder of Laxey Partners Limited. Funds managed by Laxey Partners Limited hold 26,856,712 shares and 25,550,557 Warrants 2007.
- Sebastiaan A.C. Berger is a director and shareholder of a company that holds 1,109,887 shares and 1,109,887 Warrants 2007.
- Federico Spinola is director of an investment advisory firm that advises an investment company that holds 24,117,350 shares 23,128,992 Warrants 2007.
- Jaime García-Andrade has an interest in 177,333 shares and 177,333 Warrants 2007.
- Martin Lancaster is director of a private investment company that holds 19,943,852 shares and 19,943,852 Warrants 2007.
- Enrique Rottenberg has an interest in a company that holds 3,400,000 shares and 3,400,000 Warrants 2007.
- Peter Fletcher is managing director of an investment advisory firm that advises an investment company that holds 24,117,350 shares and 23,128,992 Warrants 2007.

- Colin Kingsnorth, Sebastiaan A.C. Berger and Enrique Rottenberg are also directors of the Investment Manager, CEIBA International Management Limited, which holds 100,012 CEIBA shares and 100,012 Warrants 2007. Also, the performance fee payable in the amount of €1,354,771 will be settled by the issuance of 1,780,719 shares of the Company to the Investment Manager.

Auditors

The appointment of Ernst & Young Caribbean Professional Services Limited as the Company's auditors was approved at the Annual General Meeting of the Shareholders held on 20 December 2007.

Approved by Board of Directors on 19 September 2008 and signed on its behalf:



Sebastiaan A.C. Berger
Director



Jaime García-Andrade
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors have elected to prepare consolidated financial statements of the Company for the year ended on 31 March 2008, which give a true and fair view of the state of affairs of the Company and of the profit for the year then ended. In preparing these consolidated financial statements, the Directors should:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the consolidated financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors have assumed responsibility for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the consolidated financial statements comply with the law. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CEIBA INVESTMENTS LIMITED ON THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

Introduction

We have audited the consolidated financial statements of CEIBA Investments Limited (hereinafter "the Company"), which comprise the consolidated balance sheet as at 31 March 2008, and the consolidated income statement, the consolidated statement of cash flow and the consolidated statement of changes in equity for the year then ended, and the related notes 1 to 23. These consolidated financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's member, as a body, in accordance with Section 64 of The Companies (Guernsey) Law 1994. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and Company's member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibility of Directors and auditors

The Directors are responsible for preparing the Annual Report and Consolidated financial statements in accordance with applicable Guernsey Law and International Financial Reporting Standards (IFRS) as adopted by the European Union as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the consolidated financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing.

We report to you our opinion as to whether the consolidated financial statements give a true and fair view and whether the consolidated financial statements have been prepared in accordance with The Companies (Guernsey) Law 1994. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the consolidated financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the consolidated financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the consolidated financial statements.

Opinion

In our opinion, the consolidated financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted by the European Union, of the state of the Company's affairs as at 31 March 2008 and of its profit for the year then ended; and have been properly prepared in accordance with The Companies (Guernsey) Law 1994.

19 September 2008

Ernst & Young

A handwritten signature in black ink that reads "ERNST & YOUNG". The letters are in all caps and have a slightly slanted, cursive-like appearance. The ampersand is stylized.

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**CONSOLIDATED
BALANCE
SHEET AT 31
MARCH 2008**

	Note	2008 €	2007 €	2006 €
NON-CURRENT ASSETS				
Loans and advances	3	13,682,683	20,801,918	15,004,778
Unlisted investments	4	42,166,336	37,404,043	6,904,505
Listed investments	4	31,213	16,906	33,738
Accounts receivables and accrued income	7	275,303	244,696	124,945
Property, plant and equipment	5	326,583	213,405	86,183
Intangible assets	6	153,402	259,102	371,018
Other assets		133,631	112,761	99,563
		56,769,151	59,052,831	22,624,730
CURRENT ASSETS				
Accounts receivable and accrued income	7	514,925	2,500,588	884,518
Loans and advances	3	12,537,132	9,903,285	8,104,185
Cash and cash equivalents	8	27,670,454	22,705,237	22,818,681
		40,722,511	35,109,110	31,807,384
		97,491,662	94,161,941	54,432,114
CURRENT LIABILITIES				
Accounts payable and accrued expenses	9	(275,672)	(1,285,983)	(687,625)
Short-term borrowings	10	-	(16,000,000)	-
		(275,672)	(17,285,983)	(687,625)
		(275,672)	(17,285,983)	(687,625)
		97,215,990	76,875,958	53,744,489
REPRESENTED BY:				
EQUITY				
Share capital	11	12,508,600	10,273,219	7,500,652
Share premium	11	36,537,774	18,891,291	53,942,297
Special reserve		46,650,669	50,862,684	-
Revaluation reserve		70,279	-	-
Retained profits (losses)		(1,330,361)	(5,400,641)	(8,360,596)
Foreign exchange reserve on consolidation		731,380	507,396	662,136
Attributable to shareholders of the parent		95,168,341	75,133,949	53,744,489
Minority interest		2,047,649	1,742,009	-
		97,215,990	76,875,958	53,744,489
Net asset value per share attributable to shareholders of the parent		0.7608	0.7314	0.7165
Shares in issue	11	125,086,001	102,732,188	75,006,523

Notes 1 to 23 form an integral part of these consolidated financial statements.



Sebastiaan A.C. Berger
Director



Jaime García-Andrade
Director

**CONSOLIDATED
INCOME
STATEMENT
FOR THE YEAR
ENDED 31
MARCH 2008**

	Note	2008 €	2007 €	2006 €
INCOME				
Changes in fair value of investments	4	4,776,600	3,850,526	800,203
Interest income		3,062,349	2,675,261	1,892,011
Other income		659,634	377,571	800,656
Dividend income		-	-	288,681
		8,498,583	6,903,358	3,781,551
EXPENSES				
Performance fees	12	(1,354,771)	(948,850)	(498,366)
Management fees	12	(1,404,039)	(862,282)	(609,709)
Interest expense		(226,943)	(640,856)	-
Miscellaneous expenses	13	(67,894)	(346,975)	(362,652)
Director fees and expenses		(136,151)	(89,446)	(92,413)
Placing costs		(155,481)	(85,723)	(95,098)
Administration fees and expenses	15	(119,144)	(73,590)	(56,969)
Custodian fees	15	(14,645)	(14,709)	(10,248)
Selling and operational costs		(502,198)	(537,630)	(311,610)
Legal expenses		(264,838)	(278,086)	(124,782)
Audit fee		(50,103)	(62,185)	(33,598)
Travel		(89,742)	(23,340)	(71,608)
Staff costs		(289,480)	(318,546)	(154,280)
Depreciation	5	(57,211)	(30,494)	(10,028)
Amortization	6	(65,782)	(77,776)	(57,080)
		(4,798,422)	(4,390,488)	(2,488,441)
Currency exchange income (losses)		(549,591)	393,586	(783,604)
NET PROFIT FOR THE YEAR		3,150,570	2,906,456	509,506
ATTRIBUTABLE TO:				
Shareholders of the parent		2,585,909	3,039,455	509,506
Minority interest		564,661	(132,999)	-
EARNINGS PER SHARE	18	0.03	0.04	0.01

Notes 1 to 23 form an integral part of these consolidated financial statements.



Sebastiaan A.C. Berger
Director



Jaime García-Andrade
Director

**CONSOLIDATED
STATEMENT OF
CASH FLOW
FOR THE YEAR
ENDED 31
MARCH 2008**

	2008 €	2007 €	2006 €
OPERATING ACTIVITIES			
Net profit for the year	3,150,570	2,906,456	509,506
Items that do not generate cash flow:			
Depreciation	57,211	30,494	10,028
Amortization	65,782	77,776	57,080
Placing costs paid with shares	129,600	82,790	79,500
Performance fees paid with shares	1,354,771	-	-
Changes in fair value of investments	(4,776,600)	(3,850,526)	(800,203)
Movements in operating activities:			
(Increase) decrease in accounts receivables	2,646,905	(2,501,360)	(189,228)
Increase (decrease) in accounts payables	(1,010,311)	598,359	(732,033)
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,617,928	(2,656,011)	(1,065,350)
INVESTING ACTIVITIES			
Purchase of property, plant & equipment	(78,008)	(157,716)	(67,099)
Investments in unlisted companies	-	(19,993,510)	(73,449)
Proceeds on disposal of unlisted investments	-	1,977,404	-
Proceeds on disposal of listed investments	-	-	1,035,495
Loans and advances repaid	9,528,847	16,931,467	3,865,192
Loans and advances issued	(5,752,529)	(27,746,839)	(7,020,750)
Increase in other assets	(20,870)	(13,198)	(98,784)
Proceeds (payments) of foreign exchange hedging activities	-	2,053,005	(1,370,157)
CASH FLOWS FROM INVESTING ACTIVITIES	3,677,440	(26,949,387)	(3,729,552)
FINANCING ACTIVITIES			
Shares issued	18,000,000	16,558,143	19,537,500
Short-term borrowings	(16,000,000)	16,000,000	-
Payment of cash dividends	(2,330,151)	(3,066,189)	(91,995)
CASH FLOWS FROM FINANCING ACTIVITIES	(330,151)	29,491,954	19,445,505
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,965,217	(113,444)	14,650,603
Cash and cash equivalents at start of the year	22,705,237	22,818,681	8,168,078
NET CASH INFLOW (OUTFLOW)	4,965,217	(113,444)	14,650,603
Cash and cash equivalents at end of the year	27,670,454	22,705,237	22,818,681
SUPPLEMENTARY INFORMATION:			
Interest collected	3,225,761	2,936,294	1,843,953
Interest paid	(251,387)	(616,412)	-

Notes 1 to 23 form an integral part of these consolidated financial statements.



Sebastiaan A.C. Berger
Director



Jaime García-Andrade
Director

**CONSOLIDATED
STATEMENT
OF CHANGES
IN EQUITY
FOR THE YEAR
ENDED 31
MARCH 2008**

	2008 €	2007 €	2006 €
SHARE CAPITAL			
Initial balance	10,273,219	7,500,652	5,107,992
Equity shares issued during the year (Note 11)	2,235,380	2,772,567	2,392,660
Transfer of management shares	1	-	-
Final balance	12,508,600	10,273,219	7,500,652
SHARE PREMIUM			
Initial balance	18,891,291	53,942,297	36,645,776
Converted to special reserve	-	(53,942,297)	-
Equity shares issued during the year (Note 11)	17,646,483	18,891,291	17,296,521
Final balance	36,537,774	18,891,291	53,942,297
SPECIAL RESERVE			
Initial balance	50,862,684	-	-
Converted from share premium	-	53,942,297	-
Dividends paid	(4,212,015)	(3,079,613)	-
Final balance	46,650,669	50,862,684	-
REVALUATION RESERVE			
Initial balance	-	-	-
Revaluation during the year	70,279	-	-
Final balance	70,279	-	-
RETAINED PROFITS (LOSSES)			
Initial balance	(5,400,641)	(8,360,596)	(8,949,602)
Net profit for the year attributable to shareholders	2,585,909	3,039,455	509,506
Share-based payments recognition (Note 17)	1,484,371	82,790	79,500
Shares issued for share-based payments - transferred to share capital and share premium (Note 11)	-	(162,290)	-
Final balance	(1,330,361)	(5,400,641)	(8,360,596)
FOREIGN EXCHANGE RESERVE ON CONSOLIDATION			
Initial balance	507,397	662,136	(195,223)
Foreign exchange income (loss) on consolidation	223,983	(154,740)	857,359
Final balance	731,380	507,396	662,136
ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT			
	95,168,341	75,133,949	53,744,489
MINORITY INTEREST			
Initial balance	1,742,009	-	-
Minority interest of acquisitions during period	-	1,869,504	-
Income (loss) attributable to minority interest	564,661	(132,999)	-
Foreign exchange income (loss) on consolidation	(259,021)	5,504	-
Final balance	2,047,649	1,742,009	-
TOTAL EQUITY			
	97,215,990	76,875,958	53,744,489

Notes 1 to 23 form an integral part of these consolidated financial statements.



Sebastiaan A.C. Berger
Director



Jaime García-Andrade
Director

1. CORPORATE INFORMATION

CEIBA Investment Limited (the “Company” or “CEIBA Investments”) is an investment company incorporated with limited liability in Guernsey, Channel Islands on 10 October 1995. The Company was formerly known as CEIBA Finance Limited and officially changed its name on 12 January 2007. The Company was listed on the Channel Islands Stock Exchange (CISX) on 13 May 2004 (trading symbol CBA). The address of the registered office is Frances House, Sir William Place, St. Peter Port, Guernsey, GY1 4HQ.

The principal investment objective of the Company is to achieve long-term capital growth from direct and indirect investment in or with Cuban businesses, balanced by current income from interest-bearing financial instruments and other financial transactions and revenue-generating investments primarily related to Cuba.

At the Annual General Meeting of the Company held on 20 December 2007, it was resolved to revise the provision of the Articles of Association of the Company that requires the shareholders to extend the life of the Company every 5 years so that such extension will be valid for 10 year periods. The next vote concerning the extension of the life of the Company will be in 2015.

These consolidated financial statements were authorised by the Board of Directors for publication on 19 September 2008.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as prescribed by the International Accounting Standards Board (IASB). The principal accounting policies are set out below.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year presented for comparative purposes (see note 23 for Transition from UK GAAP to IFRS). The Company has implemented changes to existing standards and the new interpretation applicable as of 1st April 2007. These standards had no impact on the Company's financial situation and only involved additional disclosures:

- IFRS 7: Financial Instruments – Information to be revealed, which requires disclosures that may allow users to assess the importance of the Company's financial instruments, and the nature and scope of the risks associated with these financial instruments.
- Modifications to IAS 1: Presentation of financial statements, which require making new disclosures that may allow users to assess objectives, policies and procedures for managing its capital.

IFRSs approved on 31 March 2008 and amendments that will be effective in subsequent years, such as IFRS 8 “Report by segments”, changes to IAS 23 “Interest cost” and new changes to IAS 1 “Presentation of financial statements” have no impact on the Company's financial situation and only involve additional disclosures.

Consolidation

The consolidated balance sheet, consolidated income statement, consolidated statement of cash flow and consolidated statement of changes in equity include the consolidated financial statements of the Company and entities controlled by the Company (its subsidiaries) drawn up to 31 March. Control is achieved where the Company has the power to govern the financial and operating activities of an investee so as to obtain benefits from its activities. The financial statements of subsidiaries are prepared for the same reporting year as the parent company. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Company.

Subsidiaries are consolidated from the date on which control is transferred to the group and cease to be consolidated from the date on which control is transferred out of the group. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting year during which the Company has control.

The Company had direct and indirect interest in the following entities as at 31 March 2008, 2007 and 2006:

Entity Name	Country of Incorporation	Interest held		
		2008	2007	2006
1. CEIBA Property Corporation Limited (a) (i)	Guernsey	100%	100%	100%
1.1. CEIBA Publications Limited (a) (ii)	Guernsey	100%	100%	100%
1.2. GrandSlam Limited (a) (iii)	Guernsey	100%	100%	100%
1.3. CEIBA Leisure Limited (a) (iv)	Guernsey	50%	50%	50%
1.4. Antilles Property Limited (b) (f) (iv)	Guernsey	100%	100%	49%
1.5. FDI Holdings Limited (b) (f) (iv)	B.V.I.	100%	100%	33%
1.5.1. CEIBA MTC Properties Limited (b) (f) (iv)	Panama	94%	94%	15%
1.5.1.1. Inmobiliaria Monte Barreto S.A. (v) (e)	Cuba	46%	46%	8%
1.6. Caritel Investment Holdings Limited (c) (iv)	Guernsey	-	-	100%
1.6.1. Omega Latin Holdings Limited (f) (iv)	Panama	-	-	33%
1.6.1.1. Saratoga Resources S.A. (f) (iv)	Panama	-	-	22%
1.6.1.1.1. Hotel Saratoga S.A. (f) (vi)	Cuba	-	-	7%
2. Industrias Antillanas Limited (a) (iv)	Guernsey	100%	100%	100%
2.1. Caricel Inc. (d) (iv)	Barbados	10%	10%	10%
2.1.1. Intercan Inc. (d) (iv)	Barbados	10%	10%	10%
2.1.1.1. Caripap Inc. (d) (vii)	Barbados	5%	5%	5%
2.1.1.2. Productos Sanitarios S.A. (d) (viii)	Cuba	5%	5%	5%
3. CEIBA Finance Corporation Limited (a) (ix)	Guernsey	100%	100%	100%

- a) Company consolidated at 31 March 2008, 2007 and 2006.
- b) Company consolidated at 31 March 2008 and 2007.
- c) Company consolidated at 31 March 2006.
- d) Company accounted at fair value at 31 March 2008, 2007 and 2006 on the basis of the exception contemplated in IAS 28.1.
- e) Company accounted at fair value at 31 March 2008 and 2007 on the basis of the exception contemplated in IAS 28.1.
- f) Company accounted at fair value at 31 March 2006 on the basis of the exception contemplated in IAS 28.1.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

**NOTES TO THE
CONSOLIDATED
FINANCIAL
STATEMENTS
FOR THE YEAR
ENDED 31
MARCH 2008**

- (i) Holding company for the Company's interests in real estate investments in Cuba that are facilitated by a representative office in Havana.
- (ii) Publishes an annual lifestyle publication that contains articles and information concerning Havana. The publication is printed in Spain and distributed world wide.
- (iii) Operates a travel agency that provides services to international clients for travel to Cuba.
- (iv) Holding company for underlying investments, conducting no operating activity and with no other significant assets.
- (v) Joint venture company that holds the Miramar Trade Center as its principal asset.
- (vi) Joint venture company that holds the Hotel Saratoga as its principal asset.
- (vii) Trading company that imports and exports paper products primarily to/from Cuba.
- (viii) Joint venture company that operates a paper mill in Cuba producing tissue paper products.
- (ix) Finance company that invests primarily in short-term financing instruments related to Cuba.

The Company has significant influence over the financial and operating activities of Inmobiliaria Monte Barreto S.A., of which it holds an indirect share capital interest of 46%. However, the related investment is not included under the equity method in the consolidated financial statements, but dealt with in accordance with IAS 39, on the basis of the exception contemplated in IAS 28.1. Consequently, the investment in this entity is shown at fair value, with changes in that fair value recognized in the income statement of the year of the change.

All inter-company transactions, balances, income, expenses and unrealised surpluses and deficits on transactions between group companies have been eliminated on consolidation. Minority interests represent the interests in the operating results and net assets of subsidiaries attributable to minority shareholders.

Reporting and functional currency

Items included in the consolidated financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates. The functional and presentation currency of the Company is the Euro (€).

Foreign currency translation

Transactions denominated in foreign currencies during the period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated into € at the rate prevailing at the year end. Profits or losses thus arising are dealt with in the consolidated income statement.

The financial statements of foreign subsidiaries included in the consolidation are translated into € in accordance with the method established by IAS 21. Assets and liabilities are translated at the closing rates at the balance sheet date, and income and expense items at the average rates for the year. Translation differences are taken to equity and shown separately as foreign exchanges reserves on consolidation without affecting income.

Use of estimates and judgments

The preparation of consolidated financial statements, in conformity with IFRS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Company uses estimates in particular in relation to the loan loss provision, revaluation of unlisted investments and works of art. All are fully monitored by the Directors. An independent valuation of the unlisted investments and works of art is carried out at year end. No loan loss provision was necessary at 31 March 2008, 2007 and 2006.

Segment reporting

A segment is a distinguishable component of the Company that is engaged in the provision of products or services (business segment), which is subject to risks and rewards that are different from those of other segments. Geographical segment information is not relevant since all the Company's business is located in Cuba.

Share based payments

The Investment Manager and certain Directors received fees and compensation in the form of share based payments, whereby the Investment Manager or Directors render services as consideration for equity instruments.

The cost of equity-settled transactions with the Investment Manager and Directors is measured by reference to the fair value at the date on which they are granted. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in the income statement.

The cost of cash settled transactions is measured initially at fair value at the grant date. This fair value is expensed in income statement over the period until vesting with recognition of a corresponding liability. The liability is remeasured at each balance sheet date up to and including the settlement date, with changes in fair value in the income statement.

Financial assets

(i) Financial assets at fair value through profit or loss

Listed investments

Investments listed or traded on a stock exchange or over the counter and for which market quotations are available are valued at the last market price available on the balance sheet date. Changes in fair value are recognised in the income statement in the period of the change.

Unlisted investments

Unlisted investments are valued at fair value through profit or loss, as a result of an independent third-party valuation or transaction in the private market relating to the asset. Any changes in fair value are recognised in income statement in the period of the change.

(ii) Loans and advances

Loans and advances comprise investments in unquoted interest-bearing financial instruments. They are carried at currency adjusted cost unless the Directors determine that recoverability is at risk in which case they are written down to their estimated recoverable amount. Interest receivable is included in accrued income.

(iii) Forward foreign exchange contracts

Forward foreign exchange contracts are recorded at fair value through profit or loss and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of forward foreign exchange contracts are included within currency exchange income (losses).

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Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand and short-term deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

Property, plant and equipment

Property, plant and equipment held by the Company and its subsidiaries are stated at cost. Depreciation is calculated, at rates calculated to write off the cost, of each asset evenly over its expected useful life, as follows:

Office furniture and equipment	4 to 7 years
Motor vehicles	5 years
Leasehold improvement	3 years

Works of art are carried at their revalued amount, which is the fair value at the date of revaluation less subsequent accumulated depreciation and impairment losses. On revaluation, accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount. Increases in the net carrying amount are recognized in the related revaluation reserve in shareholder's equity and are released to retained earnings over the remaining useful life of the asset. Valuations of works of art are conducted with sufficient regularity to ensure the value correctly reflects the fair value at the balance sheet date. Valuations are mostly based on active market prices, adjusted for any difference in the nature, location or condition of the specific asset.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.

Intangible assets

The Company's intangible assets consist of The H Publication, stated at cost and amortized using the straight-line method over its estimated useful life (5 years). The remaining useful life of these rights is considered to be two (2) years.

The carrying amount is reviewed whenever events or changes in circumstances indicate that impairment may have occurred, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.

Other assets

Development costs are valued at cost unless the Directors determine that recoverability is at risk, in which case they are written down to their estimated recoverable amount.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised value. The related interest expense is accrued in the income statement on a time basis, by reference to the principal outstanding and at the effective interest rate applicable using the effective interest method.

Special reserve

The special reserve was created by the conversion of the share premium account to allow for the distribution of dividends. Any dividends paid by the Company will be accounted for as a reduction in the special reserve.

Income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Dividends arising on the Company's investments are recognised when the Company's right to receive payment is established. Income from travel and publishing is recognised upon performance of the services and recorded at the price specified in the contracts.

Expenses

All expenses are recognised in the income statement on the accrual basis except for transaction costs incurred on the acquisition of an investment which are included within the cost of that investment. Transaction costs incurred on the disposal of investments are deducted from the proceeds on sale.

Net asset value per share

The net asset value per share disclosed on the face of the balance sheet is calculated by dividing the capital and reserves attributable to the shareholders by the number of shares outstanding at the end of the period.

Taxation

The Company and its subsidiaries incorporated in Guernsey are exempt from taxation under the provisions of the Income Tax Ordinance of Guernsey, 1989 (Exempt Bodies). The Company's subsidiaries incorporated in B.V.I. and Panama are exempt from taxation in those countries.

The Company and its consolidated subsidiaries did not have any taxable income in Cuba.

The Company is only liable to pay a fixed annual fee of £600.

3. LOANS AND ADVANCES

	2008 €	2007 €	2006 €
Fintur S.A.			
US\$ 17 million facility	-	-	10,983,064
€ 25 million facility - 2005	1,500,000	7,500,000	4,500,000
€ 25 million facility - 2006	17,416,667	17,000,000	-
FDI Holdings Limited (Related party)			
US\$ 6.6 million loan	-	-	5,437,021
Inmobiliaria Monte Barreto S.A. (Related party)			
US\$ 1 million loan	-	-	823,791
US\$ 3 million loan	790,691	2,243,665	-
US\$ 4.5 million loan	2,599,349	3,344,640	-
US\$ 0.5 million loan (2007 - US\$ 250 thousand loan)	316,277	186,972	-
Discounted bills and letters of credit (€)	3,425,810	-	-
Discounted bills and letters of credit (US\$)	171,021	429,926	450,629
Other loans and advances	-	-	914,458
TOTAL	26,219,815	30,705,203	23,108,963
CURRENT PORTION	(12,537,132)	(9,903,285)	(8,104,185)
NON-CURRENT PORTION	13,682,683	20,801,918	15,004,778

The loans and advances portfolio has the following maturities:

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	2008 €	2007 €	2006 €
Overdue	-	198,858	450,679
Up to 30 days	1,446,094	500,000	1,071,190
Between 31 and 90 days	3,272,038	1,453,876	1,469,092
Between 91 and 180 days	2,128,209	2,137,939	1,704,408
Between 181 and 365 days	5,690,791	5,612,612	3,408,816
Between 1 and 2 years	6,333,334	7,540,611	6,062,489
Over 2 years	4,750,000	9,916,667	3,505,268
No specific dates of repayment	2,599,349	3,344,640	5,437,021
	26,219,815	30,705,203	23,108,963

The above gross amounts are split into the following industry groupings:

	2008 €	2007 €	2006 €
Banking	22,513,498	24,698,858	15,933,693
Real estate	3,706,317	5,775,277	6,260,812
Telecommunications	-	231,068	-
Vehicle dealer	-	-	904,523
Other	-	-	9,935
	26,219,815	30,705,203	23,108,963

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2008 €	2007 €	2006 €
Unlisted investments			
Inmobiliaria Monte Barreto S.A. (Related party)	41,416,336	36,654,043	-
Antilles Property Limited (holding company of indirect interest in Inmobiliaria Monte Barreto S.A.) (Related party)	-	-	4,390,807
Caricel Inc. (holding company of indirect interest in Productos Sanitarios S.A. and Caripap Inc.) (Related party)	750,000	750,000	750,000
Caritel Limited (holding company of indirect interest in Hotel Saratoga S.A.) (Related party up to 31 March 2006)	-	-	1,763,698
	42,166,336	37,404,043	6,904,505
Listed investments			
Thundermin Resources Limited – common stock	31,213	16,906	33,738
	31,213	16,906	33,738
TOTAL	42,197,549	37,420,949	6,938,243

The movements and profit on the revaluation of investments are as follows:

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	2008 €	2007 €	2006 €
Unlisted investments			
Initial balance	37,404,043	6,904,505	6,491,517
Movement during the year:			
Purchases	-	28,789,906	-
Sales	-	(1,977,404)	-
Realised losses on sales and write offs	-	(180,322)	(207,535)
Fair value adjustments	4,762,293	3,867,358	620,523
Carrying amount at fair value	42,166,336	37,404,043	6,904,505
Listed investments			
Initial balance	16,906	33,738	736,940
Movement during the year:			
Purchases	-	-	73,449
Sales	-	-	(1,035,495)
Realised losses on sales and write offs	-	-	79,164
Fair value adjustments	14,307	(16,832)	179,680
Carrying amount at fair value	31,213	16,906	33,738
TOTAL	42,197,549	37,420,949	6,938,243

The change in fair value of unlisted and listed investments for the year ended 31 March 2008 amounts to a gain of €4,776,600 (2007: gain of €3,850,526; 2006: gain of €800,203). The accumulated change in fair value since the unlisted and listed investments were first designated amounts to a gain of €8,798,341 (2007: gain of €4,021,741; 2006: gain of €171,215).

5. PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles €	Leasehold improvement €	Furniture / Equipment €	Works of art €	Total €
Cost:					
At 1 April 2005	30,414	-	58,273	-	88,687
Additions	32,708	-	15,934	28,091	76,733
Adjustments	2,159	-	3,975	-	6,134
Disposals	-	-	(16,578)	-	(16,578)
Revaluation	-	-	-	-	-
At 31 March 2006	65,281	-	61,604	28,091	154,976
Additions	150,223	7,583	22,827	969	181,602
Adjustments	(11,907)	(313)	(5,641)	(2,588)	(20,449)
Disposals	(7,740)	-	(23,671)	-	(31,411)
Revaluation	-	-	-	-	-
At 31 March 2007	195,857	7,270	55,119	26,472	284,718
Additions	8,287	58,390	14,440	55,475	136,592
Adjustments	(31,062)	(7,169)	(9,229)	(4,082)	(51,542)
Disposals	-	-	(7,399)	-	(7,399)
Revaluation	-	-	-	70,279	70,279
At 31 March 2008	173,082	58,491	52,931	148,144	432,648

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	Motor Vehicles €	Leasehold improvement €	Furniture / Equipment €	Works of art €	Total €
Accumulated Depreciation:					
At 1 April 2005	29,838	-	29,736	-	59,574
Additions	2,929	-	7,099	-	10,028
Adjustments	2,044	-	2,035	-	4,079
Disposals	-	-	(4,888)	-	(4,888)
At 31 March 2006	34,811	-	33,982	-	68,793
Additions	19,221	-	11,273	-	30,494
Adjustments	(3,959)	-	(2,761)	-	(6,720)
Disposals	(1,033)	-	(20,221)	-	(21,254)
At 31 March 2007	49,040	-	22,273	-	71,313
Additions	31,072	13,446	12,693	-	57,211
Adjustments	(11,698)	(1,791)	(4,680)	-	(18,169)
Disposals	-	-	(4,290)	-	(4,290)
At 31 March 2008	68,414	11,655	25,996	-	106,065
Net book value:					
At 31 March 2008	104,668	46,836	26,935	148,144	326,583
At 31 March 2007	146,817	7,270	32,846	26,472	213,405
At 31 March 2006	30,470	-	27,622	28,091	86,183

6. INTANGIBLE ASSETS

	2008 €	2007 €	2006 €
Cost:			
Initial balance	388,653	428,098	-
Additions	-	-	428,098
Adjustments	(59,935)	(39,445)	-
Disposals	-	-	-
Final balance	328,718	388,653	428,098
Accumulated amortization:			
Initial balance	(129,551)	(57,080)	-
Additions	(65,782)	(77,776)	(57,080)
Adjustments	20,017	5,305	-
Disposals	-	-	-
Final balance	(175,316)	(129,551)	(57,080)
TOTAL	153,402	259,102	371,018

7. ACCOUNTS RECEIVABLE AND ACCRUED INCOME

	2008 €	2007 €	2006 €
Forward foreign exchange contracts (Note 19)	105,224	253,165	-
Accrued interest income	289,117	452,529	713,562
Other account receivable	395,887	2,039,590	295,901
	790,228	2,745,284	1,009,463
Current portion	(514,925)	(2,500,588)	(884,518)
Non-current portion	275,303	244,696	124,945

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Accounts receivable and accrued income have the following maturities:

	2008 €	2007 €	2006 €
Up to 30 days	175,435	2,078,961	869,039
Between 31 and 90 days	273,499	404,975	8,205
Between 91 and 180 days	21,720	10,851	4,286
Between 181 and 365 days	44,271	5,801	2,988
Over 365 days	275,303	244,696	124,945
	790,228	2,745,284	1,009,463

8. CASH AND CASH EQUIVALENTS

	2008 €	2007 €	2006 €
Bank current accounts	18,532,963	2,867,237	22,818,681
Short-term fixed deposits	9,137,491	19,838,000	-
	27,670,454	22,705,237	22,818,681

9. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	2008 €	2007 €	2006 €
Accrued performance fee (1)	-	(948,850)	(493,482)
Accrued expenses	(90,395)	(115,273)	(168,965)
Accrued placing costs	(20,750)	(28,342)	(15,598)
Accrued interest expense	-	(24,444)	-
Other accounts payable	(164,527)	(169,074)	(9,580)
	(275,672)	(1,285,983)	(687,625)

(1) Performance fees for the year ended at 31 March 2008 are equity-settled share based payments (2007 and 2006: cash-settled share based payments) (See Note 17).

Maturity profile of accounts payable and accrued expenses based on contractual undiscounted payments:

	2008 €	2007 €	2006 €
Up to 30 days	(239,291)	(273,238)	(128,853)
Between 31 and 90 days	(36,381)	(1,012,745)	(558,772)
	(275,672)	(1,285,983)	(687,625)

10. SHORT-TERM BORROWINGS

On 19 January 2007, the Company entered into a bridge facility agreement with Longbow Finance SA, a shareholder of the Company, to borrow €16,000,000. The terms of the facility included an annual interest rate of 11% with accrued interest payable monthly and the principal balance repayable in full on or before 30 April 2007. The outstanding balance of the facility was paid in full on 2 April 2007.

11. SHARE CAPITAL AND SHARE PREMIUM

Authorised

As at 31 March 2008 and 2007 the authorized share capital amounted to €40,000,000 (2006: €9,150,387), consisting of 400,000,000 (2006: 91,503,866) ordinary shares with a nominal value of € 0.10 each.

Issued

The following table shows the movement of the issued shares during the year:

	Number of management shares	Number of ordinary shares	Share capital €	Share premium €
At 1 April 2005	12	48,735,090	5,107,992	36,645,776
Reclassification from share capital to share premium	-	-	(234,483)	234,483
Shares issued during the year as a result of placing of new shares	-	26,050,000	2,605,000	16,932,500
Shares issued during the year as share dividend	-	221,433	22,143	129,538
At 31 March 2006	12	75,006,523	7,500,652	53,942,297
Shares issued during the year as a result of placing of new shares	-	20,697,679	2,069,768	14,488,376
Shares issued during the year as share dividend	-	18,498	1,850	11,574
Issuance of shares – Antilles Property Limited (Note 17)	-	6,800,000	680,000	4,250,000
Issuance of shares – Placing costs (Note 17)	-	209,488	20,949	141,341
Share premium converted to special reserve	-	-	-	(53,942,297)
At 31 March 2007	12	102,732,188	10,273,219	18,891,291
Transfer of management shares	(12)	12	1	-
Shares issued during the year as a result of placing of new shares	-	20,000,000	2,000,000	16,000,000
Shares issued during the year as share dividend	-	2,353,801	235,380	1,646,483
At 31 March 2008	-	125,086,001	12,508,600	36,537,774

In January 2008, 12 management shares held by the administrator of the Company were transferred to the Investment Manager and reclassified as ordinary shares. On 18 January 2008, the Company paid a dividend from the special reserve with the option to shareholders to receive the proceeds in cash at a rate of €0.041 per share, or in shares at a rate of 1 ordinary share per 19.5 ordinary shares held. As a result of this dividend, €2,330,151 was paid by the Company in cash and 2,353,801 ordinary shares were issued totalling €1,881,863.

On 31 March 2008, 20,000,000 shares were issued for a total consideration of €18,000,000 as a result of a placing of new shares in the Company.

On 26 March 2007, 20,697,679 shares were issued for a total consideration of €16,558,143 as a result of a placing of new shares in the Company. On 8 March 2007, 6,800,000 shares were issued as consideration of €4,930,000 for the acquisition by the Company's subsidiary, CEIBA Property Corporation Limited, of the remaining 51% of shares, which it did not already hold, of Antilles Property Limited.

On 13 February 2007, an EGM was held where it was resolved to amend the Company's Memorandum of Association so that the authorised share capital of the Company could be increased from €9,150,387 divided into 91,503,866 shares of €0.10 each to €40,000,000 divided into 400,000,000 shares of €0.10 each.

On 18 May 2006, an Extraordinary General Meeting of the shareholders of the Company (EGM) was held where it was resolved to reduce the share capital of the Company by converting the entire balance of the share premium account into a distributable special reserve. At the EGM, it was also resolved to distribute a dividend from the special reserve to be paid in cash at a rate of €0.041 per share, or in shares at a rate of 1 ordinary share per 17.7 ordinary shares held. As a result of this a dividend of €3,066,189 was paid by the Company in cash and 18,498 ordinary shares were issued totalling €13,424.

In April 2006, the Investment Manager received 106,000 shares of the Company for fees related to the placing of new shares in the Company. The Investment Manager also acquired 221,433 ordinary shares from an existing shareholder of the Company. In June 2006, the Investment Manager received 18,498 ordinary shares of the Company in payment of dividends. In relation to a placing of new shares in the Company during March 2007, the Investment Manager purchased 76,000 shares and also received an additional 103,488 shares for fees related to the placing. In relation to the placing of new shares in the Company during March 2008, the Investment Manager received a placing fee of €90,000 which was paid in April 2008 by the issue of 100,000 new shares and 100,000 new Warrants 2007.

On March 2006, 26,050,000 shares were issued for a total consideration of €19,537,500 as a resulting of a placing and offering of new shares in the Company. On 9 December 2005, 221,433 shares were issued to shareholders in lieu of dividends totalling €151,681.

12. MANAGEMENT FEE AND INVESTMENT MANAGER'S INTERESTS

The Company's investments are managed by CEIBA International Management Limited (formerly Zapa International Management Limited). The Investment Manager's duties effectively commenced from 1 July 2002 under an investment management agreement that may be terminated by six months' prior written notice to be given by either party. Effective 1 January 2008, the Company renegotiated certain terms of the Investment Management Agreement in order to lock in and fully commit the management team in Havana.

The Investment Manager is entitled to receive an annual base fee in the amount of 2.5% (previously 1.75%) of the average quarterly total assets under management of the Company (defined to mean the aggregate of the Company's assets less current liabilities, excluding borrowings and performance fees), calculated and payable at the beginning of each quarter.

The Investment Manager also receives a performance fee, payable annually at the rate of 20% (twenty per cent) of the uplift in the net asset value per share excluding any liability in respect of performance fees (which increase includes the increase of the profit and loss and the capital account of the Company) with a high watermark, after adjusting for the value of any distributions made, exclusive of value added tax or any similar tax where appropriate. The performance fee is payable in shares calculated at the audited NAV / Share at the financial year-end of the Company for the year in respect of which the performance fee is payable.

With respect to the financial years falling in the period between 1 April 2008 and 31 March 2013, the Company will on an annual basis issue in favour of the Investment Manager such number of IM Warrants (see note 17) as will confer the right to subscribe for IM Warrant shares representing 2.0% of the outstanding shares of the Company at the relevant financial year-end. The IM Warrants will be calculated and issued as soon as practicable following the financial year-end and will have a subscription price equal to the audited NAV / Share at the financial year-end in respect of which they are issued.

Management and performance fees for the year are shown in the income statement and amounts payable at the year end are shown in note 9.

13. MISCELLANEOUS EXPENSES

	2008 €	2007 €	2006 €
Channel Island Stock Exchange fees	(6,226)	(7,616)	(15,275)
Consulting fees	-	(139,607)	(251,098)
Director liabilities insurance	(29,005)	(31,750)	(36,387)
Other miscellaneous operational expenses	(32,663)	(168,002)	(59,892)
	(67,894)	(346,975)	(362,652)

14. SEGMENT REPORTING

The primary segment reporting format is determined to be business segments as the Company's risks and returns are affected by the differences in investment activities. No geographical information is reported since all investment activities are located in Cuba. The operating businesses are organised and managed separately through different companies. For management purposes, the Company is organised into five business segments:

- **Investment property:** Activities concerning the Company's interests in real estate investments in Cuba that are facilitated by a representative office in Havana.
- **Financing:** Financing activities consisting in medium-term secured facilities and short-term financial instruments related to Cuba.
- **Paper:** The Company's interest in Cuban joint venture company that operates a paper mill in Cuba producing tissue paper products.
- **Publication:** Publishing activities including an annual lifestyle publication that contains articles and information concerning Havana.
- **Tourism / Leisure:** Operations of a travel agency that provides services to international clients for travel to Cuba.

	2008 €					Total
	Investment property	Financing	Paper	Publication	Tourism / Leisure	
Allocated assets	44,715,858	51,534,331	750,000	182,408	309,065	97,491,662
Unallocated assets	-	-	-	-	-	-
Total assets	44,715,858	51,534,331	750,000	182,408	309,065	97,491,662
Allocated liabilities	13,360	151,846	-	2,991	107,475	275,672
Unallocated liabilities	-	-	-	-	-	-
Total liabilities	13,360	151,846	-	2,991	107,475	275,672
Allocated income	5,001,646	3,188,640	-	138,765	169,532	8,498,583
Unallocated income	-	-	-	-	-	-
Total income	5,001,646	3,188,640	-	138,765	169,532	8,498,583
Allocated expenses	(867,121)	(775,143)	(3,577)	(188,289)	(205,482)	(2,039,612)
Unallocated expenses (1)	-	-	-	-	-	(2,758,810)
Total expenses	(867,121)	(775,143)	(3,577)	(188,289)	(205,482)	(4,798,422)
Allocated profit (loss)	4,134,525	2,413,498	(3,577)	(49,525)	(35,950)	6,458,971
Unallocated profit (loss)	-	-	-	-	-	(2,758,810)
Currency exchange income (loss)	-	-	-	-	-	(549,591)
Total profit (loss)	4,134,525	2,413,498	(3,577)	(49,525)	(35,950)	3,150,570

Other segment information:

Property, plant & equipment expenditure	136,592	-	-	-	-	136,592
Depreciation	(51,020)	-	-	(4,233)	(1,958)	(57,211)

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	2007 €					
	Investment property	Financing	Paper	Publication	Tourism / Leisure	Total
Allocated assets	42,379,885	50,368,817	750,000	321,499	341,740	94,161,941
Unallocated assets	-	-	-	-	-	-
Total assets	42,379,885	50,368,817	750,000	321,499	341,740	94,161,941
Allocated liabilities	67,887	16,141,322	-	4,487	123,437	16,337,133
Unallocated liabilities (2)	-	-	-	-	-	948,850
Total liabilities	67,887	16,141,322	-	4,487	123,437	17,285,983
Allocated income	4,481,942	2,200,284	-	63,633	157,499	6,903,358
Unallocated income	-	-	-	-	-	-
Total income	4,481,942	2,200,284	-	63,633	157,499	6,903,358
Allocated expenses	(1,445,245)	(880,913)	(4,442)	(96,629)	(152,127)	(2,579,356)
Unallocated expenses (1)	-	-	-	-	-	(1,811,132)
Total expenses	(1,445,245)	(880,913)	(4,442)	(96,629)	(152,127)	(4,390,488)
Allocated profit (loss)	3,036,697	1,319,371	(4,442)	(32,996)	5,372	4,324,002
Unallocated profit (loss)	-	-	-	-	-	(1,811,132)
Currency exchange income (loss)	-	-	-	-	-	393,586
Total profit (loss)	3,036,697	1,319,371	(4,442)	(32,996)	5,372	2,906,456

Other segment information:

Property, plant & equipment expenditure	181,602	-	-	-	-	181,602
Depreciation	(25,066)	-	-	(4,071)	(1,357)	(30,494)

	2006 €					
	Investment property	Financing	Paper	Publication	Tourism / Leisure	Total
Allocated assets	6,964,599	46,162,523	750,000	410,027	144,965	54,432,114
Unallocated assets	-	-	-	-	-	-
Total assets	6,964,599	46,162,523	750,000	410,027	144,965	54,432,114
Allocated liabilities	12,129	162,732	-	4,943	14,339	194,143
Unallocated liabilities (2)	-	-	-	-	-	493,482
Total liabilities	12,129	162,732	-	4,943	14,339	687,625
Allocated income	1,127,123	2,404,345	-	102,177	147,906	3,781,551
Unallocated income	-	-	-	-	-	-
Total income	1,127,123	2,404,345	-	102,177	147,906	3,781,551
Allocated expenses	(229,365)	(804,462)	-	(169,561)	(176,978)	(1,380,366)
Unallocated expenses (1)	-	-	-	-	-	(1,108,075)
Total expenses	(229,365)	(804,462)	-	(169,561)	(176,978)	(2,488,441)
Allocated profit (loss)	897,758	1,599,883	-	(67,384)	(29,072)	2,401,185
Unallocated profit (loss)	-	-	-	-	-	(1,108,075)
Currency exchange income (loss)	-	-	-	-	-	(783,604)
Total profit (loss)	897,758	1,599,883	-	(67,384)	(29,072)	509,506

Other segment information:

Property, plant & equipment expenditure	76,733	-	-	-	-	76,733
Depreciation	(6,269)	-	-	(1,210)	(2,549)	(10,028)

- (1) Unallocated expenses: Performance fees for the year ended at 31 March 2008 for € 1,354,771 (2007: € 948,850, 2006: € 498,366) and Management fees for the year ended at 31 March 2008 for € 1,404,039 (2007: € 862,282, 2006: € 609,709).
- (2) Unallocated liabilities correspond to performance fees.

15. ADMINISTRATION AND CUSTODIAN FEES

Bachmann Fund Administration Limited (“Bachmann”) receives from the Company an annual base fee of £10,000 payable in arrears, which fee covers the safe custody and maintenance of a securities portfolio account, the collection of dividends and interest, the production of asset schedules and overseeing the duties of possible sub-custodians. In addition, the Company has agreed to reimburse the Custodian its expenses, including sub-custodial costs.

As at 31 March 2008, under an administration, registrar and secretarial agreement, Bachmann is entitled to receive an administration fee from the Company, computed and paid monthly in arrears. The fee is subject to a minimum of €2,750 per month and is calculated per annum at a rate of (i) 0.180% of the net asset value where the net asset value is between €0.00 and €40,000,000 and (ii) 0.135% of the net asset value where the net asset value is above €40,000,000. In addition, the Company has agreed to reimburse the Administrator its expenses.

As at 12 June 2008 the registrar of the Company changed to Ansons Registrars Limited.

16. RELATED PARTIES DISCLOSURES

Compensation of Directors and key management

Each Director receives a fee of €9,000 per annum with the Chairman receiving €25,000. The Chairman and Directors also receive €1,700 in attendance fees per quarterly meeting and are reimbursed other expenses properly incurred by them in attending meetings and other business of the Company. No other compensation or post employment benefits are established with Directors and key management.

Transactions with Directors and shareholders

Metage Special Emerging Markets Fund Limited, The Value Catalyst Fund Limited and Northview Investments Limited are shareholders of the Company and are also participants in the syndicated facilities with FINTUR S.A.

In relation to the placing of new shares in the Company during March 2008, Jaime García-Andrade, a Director of the Company, received a commission of €39,600 which was paid in April 2008 by the issue of 44,000 new shares and 44,000 Warrants 2007.

In January 2007, the Company entered into a bridge facility agreement with a shareholder of the Company. For additional information see note 10.

Transactions with related parties

During the year there were a number of transactions involving the issuance of shares of the Company and related parties. For additional information see notes 3, 4 and 11.

Directors' interests in the share capital

Colin Kingsnorth is a director and shareholder of Laxey Partners Limited. Funds managed by Laxey Partners Limited hold 26,856,712 shares and 25,550,557 Warrants 2007.

Sebastiaan A.C. Berger is a director and shareholder of a company that holds 1,109,887 shares and 1,109,887 Warrants 2007.

Federico Spinola is director of an investment advisory firm that advises an investment company that holds 24,117,350 shares 23,128,992 Warrants 2007.

Jaime García-Andrade has an interest in 177,333 shares and 177,333 Warrants 2007.

Martin Lancaster is director of a private investment company that holds 19,943,852 shares and 19,943,852 Warrants 2007.

Enrique Rottenberg has an interest in a company that holds 3,400,000 shares and 3,400,000 Warrants 2007.

Peter Fletcher is managing director of an investment advisory firm that advises an investment company that holds 24,117,350 shares and 23,128,992 Warrants 2007.

Colin Kingsnorth, Sebastiaan A.C. Berger and Enrique Rottenberg are also directors of the Investment Manager, CEIBA International Management Limited, which holds 100,012 CEIBA shares and 100,012 Warrants 2007. Also, the performance fee payable in the amount of €1,354,771 will be settled by the issuance of 1,780,719 shares of the Company to the Investment Manager.

17. SHARE BASED PAYMENTS

The expenses recognised for services received during the year related to equity-settled share based payments are shown in the following table:

	2008 €	2007 €	2006 €
Performance fees (1)	(1,354,771)	-	-
Placing costs (2) (3)	(129,600)	(82,790)	(79,500)
	<u>(1,484,371)</u>	<u>(82,790)</u>	<u>(79,500)</u>

The expenses recognised for services received during the year related to cash-settled share based payments are shown in the following table:

	2008 €	2007 €	2006 €
Performance fees (1)	-	(948,850)	(498,366)
	<u>-</u>	<u>(948,850)</u>	<u>(498,366)</u>

- (1) The share based payments related to the performance fees for the year ended at 31 March 2008 will be issued after the approval of these financial statements. Performance fees for the year ended at 31 March 2007 and 2006 were paid in cash.
- (2) The share based payments related to the placing costs for the years ended at 31 March 2007 and 2006 amounted to 103,488 shares issued in March 2007 and 106,000 shares issued in April 2006, respectively.
- (3) The share based payments related to the placing costs for the year ended at 31 March 2008 amounted to 144,000 shares and were issued in April 2008.

Share based payments of acquisition of assets

On 8 March 2007, 6,800,000 shares were issued as consideration of €4,930,000 for the acquisition by the Company's subsidiary, CEIBA Property Corporation Limited, of the remaining 51% of shares, which it did not already hold, of Antilles Property Limited.

The share based payments and share options (warrants) plans are described below:

TosCuba Warrants

In the all-share acquisition of Mosaico Hoteles S.A., a warrant certificate for the 600,000 TosCuba Warrants has been issued in favour of the sellers on 10 January 2006, giving the right to acquire 600,000 shares in the Company at a subscription price of €1.25 per share. The TosCuba Warrants will expire on 31 March 2009. The TosCuba Warrants were held in escrow and unavailable to the sellers until certain conditions precedent were met. The TosCuba Warrants were released to the sellers in July 2008.

Warrants 2007

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Pursuant to the Warrant Instrument 2007 dated 12 February 2008, the Company created 125,000,000 Warrants 2007, each giving the right to subscribe for one new ordinary share at a subscription price of €1.20 per share and exercisable on subscription dates falling in April and November in each of the years 2008, 2009 and 2010. Of the total number of Warrants 2007 created, 102,732,200 Warrants 2007 were issued on a 1-for-1 zero consideration basis in favour of the shareholders appearing on the register of the Company at the close of business on 19 December 2007, and 20,000,000 Warrants 2007 were issued on a 1-for-one zero consideration basis in favour of the places that participated in the March 2008 placing. Therefore, the total number of Warrants 2007 issued and outstanding as at 31 March 2008 is 122,732,200.

All Warrants 2007 have a final expiry date of 31 December 2010 and if not exercised by that date will lapse and have no value. The number of ordinary shares to be subscribed and/or the price payable on subscription may be adjusted from time to time in accordance with the provisions of the Warrant Instrument 2007.

IM Warrants

Pursuant to the Investment Management Agreement, with respect to the financial years falling in the period between 1 April 2008 and 31 March 2013, the Company will, on an annual basis, issue in favour of the Investment Manager such number of IM Warrants as will confer the right to subscribe for new ordinary shares (IM Warrant Shares), representing 2% of the outstanding shares of the Company at the relevant financial year-end. The IM Warrants will have a subscription price equal to the audited NAV / share at the financial year-end in respect of which they are issued. The first IM Warrant entitlement will vest in favour of the Investment Manager as at 31 March 2009, with further IM Warrant entitlements vesting on 31 March of each subsequent year up to and including 31 March 2013. All IM Warrants and IM Warrant Shares are subject to a lock-up period until 31 March 2013 during which they cannot be sold or otherwise transferred to any third party without the prior written consent of the Board, unless the Investment Management Agreement is terminated or certain other events occur. The IM Warrant entitlement of the Investment Manager may be accelerated in certain circumstances.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, shares options during the year:

	2008		2007		2006	
	Number	WAEP €	Number	WAEP €	Number	WAEP €
Outstanding at the beginning of the year	600,000	1.25	600,000	1.25	-	-
Granted during the year	122,732,200	1.20	-	-	600,000	1.25
Forfeited during the year	-	-	-	-	-	-
Exercised during the year	-	-	-	-	-	-
Expiring during the year	-	-	-	-	-	-
Outstanding at the end of the year	123,332,200	1.20	600,000	1.25	600,000	1.25
Exercisable at the end of the year	123,332,200	1.20	600,000	1.25	600,000	1.25

The weighted average remaining contractual life for the share options outstanding as at 31 March 2008 is 2.74 years (2007: 2.00 years, 2006: 3.00 years).

The range of exercise prices for options outstanding at the end of the year was €1.20 to €1.25 (2007: €1.25, 2006: €1.25).

The average market stock price of options granted during the year ended 31 March 2008 was €0.99 (2007: €0.75, 2006: €0.70).

18. EARNINGS PER SHARE

The earnings per share have been calculated on a weighted-average basis and is arrived at by dividing the net profit for the year attributable to shareholders by the weighted-average number of shares in issue. All warrants issued and outstanding at 31 March 2008 are anti-dilutive; therefore fully diluted earnings per share has not been calculated.

	2008 €	2007 €	2006 €
Weighted average of ordinary shares in issue	103,257,745	75,888,390	48,875,013
Net profit for the year attributable to shareholders of the parent	2,585,909	3,039,455	509,506
Basic earnings per share	0.03	0.04	0.01

19. COMMITMENTS AND CONTINGENCIES

Forward foreign exchange contract

As at 31 March 2008, the Company had entered into forward foreign exchange contracts whereby it was committed to purchase €1,688,505 (2007: €3,241,366) by selling US\$2,500,000 (2007: US\$4,000,000) on 6 May 2008 (2007: 2 May 2007). The net fair value of the contract as at year-end was €105,224 (2007: €253,165) which is included within currency exchange income (losses) account of the income statement.

Operating lease commitments

The Company has operating leases for office building space. These have a contractual life of one year with automatic renewal of one year after each maturity. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum lease payments at 31 March 2008 are as follows:

	€
Up to 1 year	98,057
1 to 2 years	98,057
2 to 3 years	98,057

The rental charges paid under operating leases accounted for in selling and operational costs account of the income statement for the year ended 31 March 2008, 2007 and 2006, amounted to €109,648, €82,584, and €64,931, respectively.

20. FINANCIAL RISK MANAGEMENT

Introduction

The Company is exposed to financial risks that are managed through a process of identification, measurement and monitoring and subject to risk limits and other controls. The objective of the Company is, consequently, to achieve an appropriate balance between risk and benefits, and to minimize potential adverse effects arising from its financial activity.

The main risks arising from the Company's financial instruments are market price, foreign currency, credit risk and interest rate and liquidity risks. The Investment Manager reviews policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the beginning of the period to which these consolidated financial statements relate.

Market price risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables.

The Investment Manager meets regularly to consider the asset allocation of the portfolio in order to minimise the risk associated with particular industry sectors whilst continuing to follow the investment objective. The Investment Manager has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameters and seeks to ensure that individual holdings also meet an acceptable risk/reward profile. The Investment Manager does not use derivative instruments to hedge the investment portfolio against market risk, as in its opinion the cost of doing so would be unacceptable.

Market price risk comprises two types of risks: foreign currency risk and interest rate risk.

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to the changes in foreign exchange rates.

The income statement and net asset value of investments can be affected by currency translation movements as certain assets and income are denominated in currencies other than Euro. The Investment Manager has identified three main areas of foreign currency risk:

- Movements in rates affecting the value of investments;
- Movements in rates affecting short-term timing differences; and
- Movements in rates affecting any income received.

The Company has adopted a policy of hedging its liquid investments that are priced in US\$ whereby gains/losses in the value of these investments are offset by corresponding gains/losses earned from currency forward contracts. Income may be received in currencies other than Euro and movements in exchange rates can affect the Euro value of this income.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows may fluctuate due to changes in market interest rates.

At any time that it is not fully invested in equities, surplus funds may be invested in fixed-rate and floating-rate securities both in Euro and in currencies other than Euro. Although these are generally short-term any change to the interest rates relevant for particular securities may result in either income increasing or decreasing, or the Investment Manager being unable to secure similar returns on the expiry of contracts or the sale of securities. In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of securities held.

In general, if interest rates rise, income potential also rises but the value of fixed rate securities may decline. A decline in interest rates will in general have the opposite effect.

The interest rate and currency risk profile of the Company's consolidated financial assets at 31 March was as follows:

	Total €	Fixed rate €	Floating rate €	Non-interest bearing €
2008				
Investments (CAD)	31,213	-	-	31,213
Investments (US\$)	42,166,336	-	-	42,166,336
Loans and advances (€)	22,342,477	3,425,810	18,916,667	-
Loans and advances (US\$)	3,877,338	1,277,989	-	2,599,349
Cash at bank (€)	9,474,020	-	9,474,020	-
Cash at bank (US\$)	174,727	-	174,727	-
Cash at bank (£)	21,707	-	21,707	-

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	Total €	Fixed rate €	Floating rate €	Non-interest bearing €
2007				
Investments (CAD)	16,906	-	-	16,906
Investments (US\$)	37,404,043	-	-	37,404,043
Loans and advances (€)	24,500,000	-	24,500,000	-
Loans and advances (US\$)	6,205,203	2,860,563	-	3,344,640
Cash at bank (€)	22,453,631	-	22,453,631	-
Cash at bank (US\$)	250,010	-	250,010	-
Cash at bank (£)	1,596	-	1,596	-
2006				
Investments (CAD)	33,738	-	-	33,738
Investments (US\$)	6,904,505	-	-	6,904,505
Loans and advances (€)	4,500,000	-	4,500,000	-
Loans and advances (US\$)	18,608,963	7,625,899	10,983,064	-
Cash at bank (€)	21,865,834	-	21,865,834	-
Cash at bank (US\$)	952,553	-	952,553	-
Cash at bank (£)	294	-	294	-

The weighted-average interest rate of loans and advances is 9.83% (2007: 8.78%; 2006: 7.89%). The average period for which the interest rates are fixed is three months.

The sensitivity of the profit (loss) to a variation of the exchange rate (€/US\$) is the following:

Effect of the variation in the foreign exchange rate	Profit (loss) and equity 000's €
+ 15%	6,774
+20%	9,032
-15%	(6,774)
-20%	(9,032)

The sensitivity of the profit (loss) to a variation of the floating interest rate of the financial assets (1-month EURIBOR) is the following:

Effect of the variation in the interest rate	Profit (loss) and equity 000's €
+ 15%	99
+20%	132
-15%	(99)
-20%	(132)

Credit risk

Credit risk is the risk that the borrower (or counterparty) is unable to meet its financial obligations. In the event of a default, the Company generally incurs a loss equal to the amount owed by the debtor.

Credit risk with regard to loans and advances exists because a significant portion of these loans is to one debtor (FINTUR). In order to minimize the credit risk, the repayment of these facilities is secured by Euro-denominated off-shore tourism proceeds payable to FINTUR by certain international hotel operators managing hotels in Cuba and by selected European and Latin America tour operators.

Listed investments are only transacted through brokers or intermediaries that have been approved by the Investment Manager as acceptable counterparties. In addition, limits are set as to the maximum exposure to any individual broker that may exist at any time; these limits are reviewed regularly. Unlisted Investments are transacted by the Investment Manager with the assistance of external legal and financial advisors.

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Maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for each component of the balance sheet, irrespective of guarantees received:

	2008 €	2007 €	2006 €
Cash and cash equivalents	27,670,454	22,705,237	22,818,681
Loans and advances	26,219,815	30,705,203	23,108,963
Unlisted investments	42,166,336	37,404,043	6,904,505
Listed investments	31,213	16,906	33,738
Accounts receivable and accrued income	790,228	2,745,284	1,009,463
Other assets	133,631	112,761	99,563
Total maximum exposure to credit risk	97,011,677	93,689,434	53,974,913

Guarantees received

The amount and type of guarantees required depends on an assessment of the credit risk of the counterparty. The Company obtained additional securities in the form of guarantees from other companies, allocation of collections, cash flows, inventories or sales, etc. The Company has neither financial nor non-financial assets obtained as property on executed guarantees.

Liquidity risk

Liquidity risk is the risk that the Company will encounter in realising its non-cash assets or otherwise raising funds to meet financial commitments. Assets are principally comprised of unlisted securities and loans, which are not readily realisable. If the Company, for whatever reason, wished to dispose of these assets quickly, the realisation values may be lower than those at which the relevant assets are held in the balance sheet.

The liquidity risk of the Company is low, because of the high liquidity in cash and cash equivalents and the practically non-material amount of liabilities payable in cash. However, in case of an unforeseen need for funds, the Company has access to credit facilities from financial institutions that may allow short-term flexibility in the administration of its liquidity.

Fair values

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The carrying value of cash and cash equivalents, loans and advances, accounts receivable, accounts payable and borrowings are assumed to approximate their fair value due to their short-term maturities.

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risk, but through a control framework and monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access, authorization, and reconciliation procedures, staff education and assessment.

Capital management

The Company maintains an actively managed capital base to cover risks inherent in the business. The Company manages its capital structure and makes adjustments in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders or the issuance of capital. No changes were made in the objectives, policies, and processes from the previous year.

The capital base managed by the Company is composed by share capital, share premium, reserves and retained profits that amount at 31 March 2008, 2007 and 2006 to a total of € 97,215,990, € 76,875,958 and € 53,744,489, respectively. The Company is not subject to external capital requirements.

21. INVESTORS HOLDING GREATER THAN 10%

As at 31 March 2008, Fortis Banque Luxembourg S.A. held 58,901,475 (2007 - 42,653,118) shares and The Value Catalyst Fund Limited held 18,417,110 (2007 - 17,518,715) shares in the Company, representing 47.09% and 14.72% (2007 - 41.52% and 17.05%), respectively, of the total shares outstanding of 125,086,001 (2007 - 102,732,188).

As at 31 March 2006, Citivic Nominees Limited held 34,707,772 Shares, Fortis Banque Luxembourg S.A. held 22,322,780 shares and Northview Investment Funds Limited held 8,000,000 shares in the Company, representing 46.27%, 29.76% and 10.67%, respectively, of the total shares outstanding of 75,006,523. Included within the shares of Citivic Nominees Limited at 31 March 2006 were 20,260,128 shares held by The Value Catalyst Fund Limited, representing 27.01% of the total outstanding shares of the Company.

22. POST BALANCE SHEET EVENTS

(i) TosCuba Project

On 10 January 2006, the Company agreed to acquire, through its subsidiary CEIBA Property Corporation Limited, all outstanding shares in the capital of Mosaico Hoteles S.A., a Swiss company that owns a 50% interest in the Cuban joint venture company TosCuba S.A. TosCuba S.A. was incorporated for the purpose of constructing a 292 room beach resort hotel at Playa Maria Aguilar, Trinidad, Province of Sancti Spiritus, Cuba (the "TosCuba Project").

On 30 June 2008, the conditions precedent of the transaction was fulfilled to the satisfaction of the Company and the acquisition of the shares of Mosaico Hoteles S.A. was completed. The consideration for this all-share acquisition was 1,400,000 Shares in the capital of Ceiba Investments, which were issued in July 2008 to the sellers. In addition, a warrant certificate for 600,000 warrants has been issued in favour of the sellers, giving the right to acquire 600,000 shares in the Company at a strike price of €1.25. The warrants will expire on 31 March 2009.

The total investment amount of the TosCuba Project is estimated at approximately US\$ 30 million, of which approximately US\$ 4.3 million has already been invested in the acquisition of surface rights for the property, the development of architectural works and technical drawings, and ground preparation. It is estimated that construction of the hotel will begin during the second half of 2009 and that the hotel will begin operations during the year 2012.

(ii) Acquisition of minority interest in CEIBA MTC

On 2 July 2008, the Company acquired through its subsidiary FDI Holdings Limited the remaining 6% minority interest in CEIBA MTC Properties Inc. (CEIBA MTC) for a purchase price of US\$2,100,000. As a result, the Company now holds a 100% interest in CEIBA MTC, which in turn holds a 49% interest in the Cuban joint venture company Inmobiliaria Monte Barreto S.A., the owner of the Miramar Trade Center.

(iii) Current financial statements issue

The consolidated financial statements have been authorized for issue by the Board of Directors on 19 September 2008. The Company's shareholders have the power to amend the consolidated financial statements after issuance.

23. TRANSITION FROM UK GAAP TO IFRS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

These are the Company's first consolidated financial statements prepared in accordance with IFRS. The policies set out in the significant accounting policies section of these financial statements have been applied in preparing the comparative information presented in the financial statements for the financial years ended 31 March 2007 and 31 March 2006 and in the preparation of an opening IFRS consolidated balance sheet at 1 April 2005 (the date of transition). In preparing its opening IFRS balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP).

An explanation of how the transition from UK GAAP to IFRS has affected the Company's balance sheet and income statement is set out in the following notes:

- (i) **Reclassification of assets classified as non-current assets:** As at 31 March 2007 and 2006, the Company had recorded as non-current assets certain loans and advances and other assets that under IFRS are classified as current assets.
- (ii) **Reclassification of unlisted investments:** As at 31 March 2007 and 2006, the Company had recorded as unlisted investments the investment in The H Publication, an asset derived from the acquisition of a magazine publication that is being amortized over a 5 year period, that under IFRS is classified as an intangible assets.
- (iii) **Reclassification of works of art:** As at 31 March 2007 and 2006, the Company recorded as other assets works of art that under IFRS are classified as property, plant and equipment.
- (iv) **Investments in subsidiaries at fair value:** Previous GAAP permitted that the changes in fair value derived from investments in subsidiaries accounted at fair value be recorded in a capital reserve account of equity. Under IFRS those investments in subsidiaries held by capital venture organizations or trust funds are not included under the equity method in the consolidated financial statements, but dealt with in accordance with IAS 39, on the basis of the exception contemplated in IAS 28.1. Consequently, investments in these entities are shown at fair value, with changes in fair value recognized in the income statement of the year of the change. The adjustments for the year ended at 31 March 2007 and 2006 amount to a gain of €3,850,526 and €800,203 in the changes in fair value account and a gain of €687,813 and a loss of €595,520 in the currency exchange income (loss) account, respectively.
- (v) **Share based payments:** Under IFRS the cost of share based payments related to equity-settled transactions is recognised over the period in which the performance and/or service conditions are fulfilled in the income statement together with a corresponding increase in equity. Consequently, as at 31 March 2006 a reclassification from liabilities to equity of € 79,500 was necessary.

Reconciliation of consolidated balance sheet from UK GAAP to IFRS as at:

	31 March 2006			31 March 2007		
	Previous GAAP €	Transition impact €	IFRS €	Previous GAAP €	Transition impact €	IFRS €
NON-CURRENT ASSETS						
Loans and advances	(i) 21,753,761	(6,748,983)	15,004,778	30,088,305	(9,286,387)	20,801,918
Unlisted investments	(ii) 7,275,523	(371,018)	6,904,505	37,663,145	(259,102)	37,404,043
Listed investments	33,738	-	33,738	16,906	-	16,906
Accounts receivable and accrued income	(i) -	124,945	124,945	-	244,696	244,696
Property, plant and equipment	(iii) 86,183	-	86,183	186,933	26,472	213,405
Intangible assets	(ii) -	371,018	371,018	-	259,102	259,102
Other assets	(iii) (i) -	99,563	99,563	-	112,761	112,761
	29,149,205	(6,524,475)	22,624,730	67,955,289	(8,902,458)	59,052,831
CURRENT ASSETS						
Accounts receivable and accrued income	(i) (iii) 1,109,076	(224,558)	884,518	2,884,517	(383,929)	2,500,588
Loans and advances	(i) 1,355,152	6,749,033	8,104,185	616,898	9,286,387	9,903,285
Cash and cash equivalents	22,818,681	-	22,818,681	22,705,237	-	22,705,237
	25,282,909	6,524,475	31,807,384	26,206,652	8,902,458	35,109,110
CURRENT LIABILITIES						
Accounts payable and accrued expenses	(v) (767,125)	79,500	(687,625)	(1,285,983)	-	(1,285,983)
Short-term borrowings	-	-	-	(16,000,000)	-	(16,000,000)
	(767,125)	79,500	(687,625)	(17,285,983)	-	(17,285,983)
TOTAL NET ASSETS	53,664,989	79,500	53,744,489	76,875,958	-	76,875,958

Reconciliation of consolidated income statement from UK GAAP to IFRS for the year ended:

	31 March 2006			31 March 2007		
	Previous GAAP €	Transition impact €	IFRS €	Previous GAAP €	Transition impact €	IFRS €
INCOME						
Changes in fair value of investments	(iv)	800,203	800,203	-	3,748,561	3,748,561
Interest income	1,892,011	-	1,892,011	2,675,261	-	2,675,261
Other income	800,656	-	800,656	377,571	-	377,571
Dividend income	288,681	-	288,681	-	-	-
	2,981,348	800,203	3,781,551	3,052,832	3,748,561	6,801,393
EXPENSES						
Performance fees	(498,366)	-	(498,366)	(948,850)	-	(948,850)
Management fees	(609,709)	-	(609,709)	(862,282)	-	(862,282)
Interest expense	-	-	-	(640,856)	-	(640,856)
Miscellaneous expenses	(362,652)	-	(362,652)	(346,975)	-	(346,975)
Director fees and expenses	(92,413)	-	(92,413)	(89,446)	-	(89,446)
Placing costs	(95,098)	-	(95,098)	(85,723)	-	(85,723)
Administration fees and expenses	(56,969)	-	(56,969)	(73,590)	-	(73,590)
Custodian fees	(10,248)	-	(10,248)	(14,709)	-	(14,709)
Selling and operational costs	(368,690)	-	(368,690)	(615,406)	-	(615,406)
Legal expenses	(124,782)	-	(124,782)	(278,086)	-	(278,086)
Audit fee	(33,598)	-	(33,598)	(62,185)	-	(62,185)
Travel	(71,608)	-	(71,608)	(23,340)	-	(23,340)
Staff costs	(154,280)	-	(154,280)	(318,546)	-	(318,546)
Depreciation	(10,028)	-	(10,028)	(30,494)	-	(30,494)
	(2,488,441)	-	(2,488,441)	(4,390,488)	-	(4,390,488)
Currency exchange income (losses)	(iv)	(595,520)	(783,604)	(294,227)	789,778	495,551
	304,823	204,683	509,506	(1,631,883)	4,538,339	2,906,456
NET PROFIT (LOSS) FOR THE YEAR						
Attributable to:						
Shareholders	304,823	204,683	509,506	(1,498,885)	4,538,340	3,039,455
Minority interest	-	-	-	(132,998)	(1)	(132,999)
EARNINGS PER SHARE						
	0.01	-	0.01	(0.01)	0.05	0.04

Reconciliation of consolidated statements of cash flows from UK GAAP to IFRS for the year ended:

	31 March 2006			31 March 2007		
	Previous GAAP €	Transition impact €	IFRS €	Previous GAAP €	Transition impact €	IFRS €
OPERATING ACTIVITIES						
Net profit (loss) for the year	304,823	204,683	509,506	(1,631,883)	4,538,339	2,906,456
Items that do not generate cash flow:						
Depreciation	10,028	-	10,028	30,494	-	30,494
Amortization	-	57,080	57,080	-	77,776	77,776
Placing fees paid with shares	-	79,500	79,500	162,291	(79,501)	82,790
Changes in fair value of investments	-	(800,203)	(800,203)	-	(3,850,526)	(3,850,526)
Movements in operating activities:						
(Increase) Decrease in accounts receivable	(826,452)	637,224	(189,228)	(1,748,969)	(752,391)	(2,501,360)
Increase (Decrease) in accounts payable	(652,533)	(79,500)	(732,033)	518,858	79,501	598,359
NET CASH FLOWS FROM OPERATING ACTIVITIES	(1,164,134)	98,784	(1,065,350)	(2,669,209)	13,198	(2,656,011)
INVESTING ACTIVITIES						
Purchase of fixed assets	(67,099)	-	(67,099)	(157,716)	-	(157,716)
Investments in unlisted companies	(73,449)	-	(73,449)	(19,993,510)	-	(19,993,510)
Proceeds on disposal of unlisted investments	-	-	-	1,977,404	-	1,977,404
Proceeds on disposal of listed investments	1,035,495	-	1,035,495	-	-	-
Loans and advances repaid	3,865,192	-	3,865,192	16,931,467	-	16,931,467
Loans and advances issued	(7,020,750)	-	(7,020,750)	(27,746,839)	-	(27,746,839)
Increase in investments in progress	-	(98,784)	(98,784)	-	(13,198)	(13,198)
Proceeds (payments) of foreign exchange hedging activities	(1,370,157)	-	(1,370,157)	2,053,005	-	2,053,005
CASH FLOWS FROM INVESTING ACTIVITIES	(3,630,768)	(98,784)	(3,729,552)	(26,936,189)	(13,198)	(26,949,387)

Reconciliation of consolidated statements of cash flows from UK GAAP to IFRS for the year ended (continued):

	31 March 2006			31 March 2007		
	Previous GAAP €	Transition impact €	IFRS €	Previous GAAP €	Transition impact €	IFRS €
FINANCING ACTIVITIES						
Shares issued	19,537,500	-	19,537,500	16,558,143	-	16,558,143
Short-term borrowings	-	-	-	16,000,000	-	16,000,000
Payment of cash dividends	(91,995)	-	(91,995)	(3,066,189)	-	(3,066,189)
CASH FLOWS FROM FINANCING ACTIVITIES	19,445,505	-	19,445,505	29,491,954	-	29,491,954
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	14,650,603	-	14,650,603	(113,444)		(113,444)
Cash and cash equivalents at start of the year	8,168,078	-	8,168,078	22,818,681	-	22,818,681
NET CASH INFLOW (OUTFLOW)	14,650,603	-	14,650,603	(113,444)	-	(113,444)
Cash and cash equivalents at end of the year	22,818,681	-	22,818,681	22,705,237	-	22,705,237



Sebastian A.C. Berger
Director



Jaime García-Andrade
Director

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